

PRESIDENTIAL CAMPAIGN ACTIVITIES OF 1972

SENATE RESOLUTION 60

HEARINGS

BEFORE THE

SELECT COMMITTEE ON

PRESIDENTIAL CAMPAIGN ACTIVITIES

OF THE

UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

WATERGATE AND RELATED ACTIVITIES

Phase III: Campaign Financing

WASHINGTON, D.C., NOVEMBER 7, 8, 13, 14, AND 15, 1973

Book 13



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(Established by S. Res. 60, 93d Congress, 1st Session)



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PRESIDENTIAL CAMPAIGN ACTIVITIES OF 1972 PHASE III: CAMPAIGN FINANCING

WEDNESDAY, NOVEMBER 7, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to recess, at 10:10 a.m., in room 318, Russell Senate Office Building, Senator Sam J. Ervin, Jr. (chairman).

Present: Senators Ervin, Talmadge, Inouye, Montoya, Baker, and Weicker.

Also present: Samuel Dash, chief counsel and staff director; Fred D. Thompson, minority counsel; Rufus L. Edmisten, deputy chief counsel; David M. Dorsen and Terry F. Lenzner, assistant chief counsels; W. Dennis Summers, Alan S. Weitz, and Barry Schochet, assistant majority counsels; Donald G. Sanders, deputy minority counsel; Michael J. Madigan and Robert Silverstein, assistant minority counsels; Jed Johnson, investigator; Pauline O. Dement, research assistant; Eiler Ravnholt, office of Senator Inouye; Robert Baca, office of Senator Montoya; Ron McMahan, assistant to Senator Baker; Ray St. Armand, assistant publications clerk.

Senator INOUE [presiding]. The hearing of the Senate Select Committee will please come to order. Counsel will call the first witness.

Mr. DASH. Mr. William Marumoto.

Senator INOUE. Will you raise your right hand? Do you swear that your testimony before this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MARUMOTO. I do.

Senator INOUE. Thank you very much, sir.

Counsel will proceed.

Mr. DASH. Mr. Marumoto, you are accompanied by counsel. Will he please identify himself for the record?

Mr. TREADWELL. Yes, sir. William M. Treadwell, attorney at law, counsel for Mr. Marumoto. And, Mr. Chairman, Mr. Marumoto has prepared a brief opening statement which we would like to present to the committee at this time.

Mr. DASH. Would he like to read it at this time?

Mr. TREADWELL. Yes, it is a written statement and we have by your rules and guidelines, presented you with written copies.

Mr. DASH. Yes, sir, we have received those and Mr. Marumoto, if you wish to, will you proceed to read your opening statement.

**TESTIMONY OF WILLIAM H. MARUMOTO, ACCOMPANIED BY
WILLIAM M. TREADWELL, COUNSEL**

Mr. MARUMOTO. Members of the Select Committee, I would like to make a brief statement and then open myself to any questions this committee may wish to ask of me.

First, I desire to state that I come here today voluntarily, and also that I am accompanied by counsel, William M. Treadwell. Together we will try, within the limits of the law and the Constitution—and yet without waiving any of my own legal rights—to respond intelligently to all questions of this committee.

I am told by your staff that the reason for calling me here today is to provide information relating to my work in President Nixon's administration, and to my involvement in the Presidential election of 1972.

I am most happy to provide this information. The work I did I believe to have been a public service, for the American people, and most importantly, for Spanish-speaking Americans. Furthermore, may I also state categorically and clearly, here and now, and for the record, that at no time did I ever involve myself in illegal or unethical activities, or even engage in what could be called "political dirty tricks."

On the contrary, at all times I tried, to the best of my ability, to perform my work—both in the administration and in the campaign of 1972—honestly, openly, with honor, and without anything to hide.

Most of my 3 years on the White House staff were spent in recruiting individuals for high level positions in the executive branch. Later I became a Presidential assistant for coordination of Nixon administration efforts on behalf of Spanish-speaking Americans, and I worked closely with the Cabinet Committee on Opportunities for Spanish-Speaking People, and with other Federal agencies, identifying needs, creating programs, and making sure the programs were implemented.

As you may know, Spanish-speaking people are the second largest minority in our Nation, but have been for many years sorely neglected.

President Nixon set out to do something about meeting the needs of the Spanish-speaking. He created a statutory Cabinet Committee on Opportunities for Spanish-Speaking People. He assigned the top members of his administration, which included the Cabinet officers, and members of the White House staff, to participate in making the Federal Government sensitive to the needs of the Spanish-speaking.

Most of all, he made the Spanish-speaking people active participants in their Government by appointing top caliber Hispanos to executive level policymaking positions in his administration. It is significant that President Nixon appointed more than 50 Spanish-speaking people to top positions in Government. According to records, this is eight times more than the last two administrations combined. Furthermore, he initiated the "16 point program" to bring Spanish-Americans into all levels of the Government. As a result, more Spanish-speaking persons have been brought into the Federal Government than ever before.

In addition, President Nixon proved the Spanish-speaking people did not have to take a back seat to any other Americans in benefiting from Government programs and aids.

In education, he created special programs for Spanish-speaking children; in housing, innovative programs to provide more and better homes for Spanish-speaking Americans; in health, the President approved more and more funds for improved health care programs; and in the area of economic opportunities, the administration worked to increase business and job opportunities. This is because of the economic mainstream of this country, that they wanted to be businessmen, industrialists, developers, and to share in the Nation's economic wealth.

President Nixon also wanted them to have that legitimate opportunity. Consequently, during Mr. Nixon's administration, more Spanish-speaking have participated in business, and other opportunities provided by Government, than at any time in history.

This was due, in part, to the fact that a team, of which I was a part, helped to identify Spanish-speaking people that wanted to take advantage of these opportunities. In other words, we helped the Spanish-speaking people to know and understand the great variety of Federal programs, how to qualify for them, and how to apply for them.

In doing this work, we never compromised the principle of legitimacy, but we also did not compromise the right of opportunity for those who wanted to participate in Government programs and contracts. We encouraged this activity, and we are proud of the progress for Spanish-speaking Americans that we created.

You may ask why was I chosen to do this job—me, an Asian-American. The simple reason is that I wanted to do it. I am a Japanese-American, but I grew up with Mexican-Americans in the barrios of southern California. I—like them—know what discrimination and lack of opportunity can mean. I was 8 years old when the United States of America placed me and my family in a concentration camp.

But I also know what opportunity and justice is in America, gentlemen. I know the pride and the joy that comes when someone gives you the opportunity and the dignity that, to most all other Americans, has always been a birthright.

Richard Nixon gave me and many other Spanish-speaking Americans that opportunity and that dignity. He did it and he continues to do it, not just because he is seeking their votes and patronage, but because he is doing what is basically just and basically right.

I am proud to have served the President in that capacity. I am proud that I had a small part in creating that opportunity for Spanish-speaking Americans.

Thank you.

Mr. DASH. Mr. Marumoto, your opening statement, I think, explains a number of introductory questions that I might have asked. First, can you tell us when you first came to Washington?

Mr. MARUMOTO. Yes. I came in the fall of 1969, was first at HEW, was there on Secretary Finch's staff, as assistant to him, and then in the fall of 1970 came over to the White House, as part of a new executive recruiting effort, headed up by Fred Malek.

Mr. DASH. What were your responsibilities and duties in that position?

Mr. MARUMOTO. In the latter position?

Mr. DASH. Yes.

Mr. MARUMOTO. During the 3 years I was part of the team that helped recruit individuals throughout the executive branch with con-

siderable emphasis in the minority recruiting area for blacks, Spanish-speaking, and other minorities. In addition to that, I recruited other individuals who did not fit that category for all different kinds of positions, and then about the last 2 years I concurrently was responsible, on a day-to-day basis, for programs affecting Spanish-speaking, reporting to Charles W. Colson.

Mr. DASH. So under Mr. Malek would it be fair to say you were the White House liaison staff person for opportunities for Spanish-speaking Americans?

Mr. MARUMOTO. I would further define that by saying, in terms of Mr. Malek, it related only to high-level appointments.

Mr. DASH. Now, during the period of what might be considered the campaign of 1972, was there an understanding that you had with Mr. Malek, with regard to your position, that you would also engage in seeking opportunities for obtaining grants for Spanish-speaking American grantees?

Mr. MARUMOTO. I think it was a much broader program than that, Mr. Dash.

Mr. DASH. Will you describe that program?

Mr. MARUMOTO. Yes, sir. Basically, it fell into five areas: One, in the grants and contracts area where we were assisting eligible and qualified Spanish-speaking firms and organizations to obtain Federal funds for whatever program they were involved in. This could range from manpower programs, health, education, economic opportunity.

Second, we were responsible for any special activities that related to Spanish-speaking communities. One example was when Mr. Echevarria of Mexico was here last year, I believe, we had to provide some suggestion as to what States and cities and activities he might participate in, in conjunction with some of our Spanish-speaking communities.

Third, we were responsible for any communications pertaining to Spanish-speaking in terms of public relations and publicity, coordinating our efforts with the various departments and agencies and the White House.

Fourth, I had the responsibility of all the recruiting efforts for Spanish-speaking in terms of primarily residential and supergrade positions but, in addition to that, we also assisted in the 16-point program.

Fifth, in conjunction with the speakers bureau at the White House, which scheduled most of the Cabinet, all of the Cabinet officers and, also with the surrogates program at the Committee for the Re-Election of the President, we had our own separate Spanish-speaking surrogates program.

Mr. DASH. Was there any introductory meeting or meetings sometime in the period of 1972, when your role with regard to opportunities for grants to Spanish-speaking American grantees was explained in terms of relationship to the Committee To Re-Elect the President, the finance committee or to the various departments or agencies that had the grant-making power?

Mr. MARUMOTO. I don't think there was any discussion in terms of the Committee for the Re-Election or the finance committee which was the arm of the first committee, but there was discussion in terms of trying to get a better handle on the grant-making process in the various departments and agencies.

Mr. DASH. Well, did you work in close liaison with any parties or persons with the Finance Committee To Re-Elect the President?

Mr. MARUMOTO. Yes; I was well acquainted with one gentleman who headed up one part of the finance committee, and this was a group that dealt primarily with the Spanish-speaking community, called the National Spanish Finance Committee, that I believe was chartered the first part of 1972 and headed up by Benjamin Fernandez of Los Angeles, Calif. He, in turn, organized the national effort in most of the States where we had a high concentration of Spanish-speaking, and I might add that this was the first time that the Spanish-speaking community had any kind of meaningful role in a national campaign.

Mr. DASH. Was his responsibility to engage in fundraising for the—under the National Hispanic Finance Committee?

Mr. MARUMOTO. Would you repeat that question, please?

Mr. DASH. Was Mr. Fernandez' role of fundraising for this Hispanic, the National Hispanic Finance Committee which was a part of the Committee To Re-Elect?

Mr. MARUMOTO. I believe their goal was \$1 million and they raised about \$400,000.

Mr. DASH. Was there any liaison or working relationship that you had with any person in the Committee To Re-Elect the President that dealt with Spanish-speaking Americans?

Mr. MARUMOTO. Of the finance committee?

Mr. DASH. No; the Committee To Re-Elect the President.

Mr. MARUMOTO. Yes, sir.

A party by the name of Alex Armendariz was director of the Spanish-speaking division of the Committee for the Re-Election.

Mr. DASH. Was any formal arrangement set up with these parties, either Mr. Armendariz or Mr. Fernandez, your office and other members of the Committee To Re-Elect the President?

Mr. MARUMOTO. It was an informal arrangement, Mr. Dash. First of all, we had a team of about five of us who were involved in the Spanish-speaking area. And Antonio Rodriguez, who was my deputy, Carlos Conde, who was on Herbert Klein's staff, who was at that time the director of communications, worked very closely with me.

Third, Henry Ramirez, who was chairman of the cabinet committee for the Spanish-speaking, and, fourth, Alex Armendariz. We used to meet every Monday afternoon, beginning, I believe, in the early part of 1972 to strategize in terms of the Spanish-speaking vote, and to keep ourselves abreast of our progress.

Mr. DASH. And was the major part of that role in the meeting political in nature, in terms of attempting to get as many of the Spanish-speaking Americans either giving financial contributions or being favorable to the reelection of the President?

Mr. MARUMOTO. I think that, certainly, some of the agenda that we discussed at those meetings were political in nature, in terms of what kind of impact we could make in the Spanish-speaking community. On the other hand, I think that the kind of commitment and dedication that the members of this team had was one of an advocacy role. We felt that this was the first time that any administration gave this particular minority group an opportunity to get into the mainstream of the American economic and social and political life. I think we had a twofold situation there.

Mr. DASH. Now, you have before you, I understand, Mr. Marumoto, a file of memorandums—

Mr. MARUMOTO. Yes; I do.

Mr. DASH [continuing]. Which we have gone over with you. I am going to refer to a number of them and ask you to respond to certain questions I have concerning them.

I will say this, that consistent with your opening statement and the responses you have given to the opening questions that I have made, a large part of the information in these memorandums indicate a definite effort on your part, as well as others in the administration, to aid and assist Spanish-speaking Americans, both for employment and other opportunities. And I want to make that clear for the record that a large portion of these memorandums show that and if at any time during my questioning you wish to point to any particular part of the memorandums and emphasize that, please feel free to do so.

Mr. MARUMOTO. Can you explain the memorandums? These are the memorandums that I used to do on a weekly basis with Chuck and Fred Malek and they pertained to the Spanish-speaking, right?

Mr. DASH. Yes; not all of them will be that, but a number of them are the weekly memorandums, a report that you made to Mr. Malek and Mr. Colson on the operation of yourself and Mr. Rodriguez, primarily.

As a matter of fact, turn to exhibit No. 262-7—no, exhibit No. 262-8*, Mr. Marumoto. In your earlier memorandum to Mr. Colson—this is exhibit No. 262-8 from you to Mr. Colson alone, and some of the earlier ones were also to Mr. Malek and Mr. Colson—you entitled this, and perhaps you can explain this—I do not know whether this was for humorous purposes, but it is entitled “Weekly Report for Brown Mafia,” week of March 13, 1972.

Now, why did you entitle your memorandums, your weekly memorandums, the “Weekly Report for the Brown Mafia”?

Mr. MARUMOTO. This was, I guess, the humorous part of me that cropped up in these reports. We did that, I think, for only just a very few occasions and dropped it, not only at the suggestion of Mr. Malek but we also decided it would not be a good use of that particular term.

However, I would say it was being similar to Kennedy’s Irish Mafia or—

Mr. DASH. You will notice on that particular memorandum a note by—I guess this was Malek, Fred—“good report—see notes. Please drop Brown Mafia title—it would look bad if it ever got out.”

Thereafter, I think your reports referred to “Weekly Report on the Spanish-Speaking.”

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Now, would you turn to exhibit No. 262-1. The heading of that exhibit—it is an undated memo, a copy of which you did receive. The heading is “Capitalizing on the Incumbency.” I will just read briefly portions of that memorandum.

Bill Marumoto is responsible for submitting a plan to capitalize on the incumbency by May 1.

*For more detailed information as to description and location of exhibits Nos. 262-1 through 262-63, see contents pages.

It opened by saying:

Substantial assistance to Spanish-speaking campaign can be provided through use of the control of the Executive Branch. Through this control, we can fill in any gaps in the President's record and generate favorable publicity for the campaign persuasion effort. In addition, a number of Spanish-speaking programs are sources of political information.

Then, in a number of the elements of the plan that you were supposed to develop are listed—

No. 1. To develop specific ideas for using grants, personnel appointments, and programs to fill out any gaps in the President's record, for example, appoint a Mexican-American to a regulatory commission.

Some other additional items:

No. 5. To insure that those federally-subsidized programs which serve as havens for opposition political operatives are closely supervised so they are devoting all their energies toward solving the problems of Spanish-speaking poor (particularly in September and October).

Now, could you give us any more elaboration of this memorandum, "Capitalizing on the Incumbency"—how it came into being? What its meaning was? What you understood it to be?

Mr. MARUMOTO. Let me try to give you an overall view of how this fits into the sort of big picture. Under Mr. Colson, he had responsibility for all special interest groups such as veterans, the labor, youth, Jewish vote, the ethnic, Catholic, women, elderly, Spanish speaking, black, and I think there were several other groups. All of us had the mandate to develop programs that would best benefit our respective constituencies and within that umbrella was included appointments to high level positions, included generating grants and contracts, and included trying to publicize all of these accomplishments and achievements under the Nixon administration to our respective constituency.

Mr. DASH. But the term used in the memorandum "through use of the control of the executive branch," and "to capitalize on the incumbency," would it be fair to say that the memorandum and the responsibility you had with regard to certain Spanish-speaking Americans was to prepare a plan and implement the plan to use the power of the executive branch and its departments, its grant-making powers, its employment powers in this particular campaign?

Mr. MARUMOTO. OK.

Mr. DASH. Did you develop that kind of plan? Did you in fact develop and submit a plan to capitalize on the incumbency?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Now, would you turn to exhibit No. 262-5, Mr. Marumoto? This is a White House memorandum, dated March 2, 1972. It deals with an editorial that apparently caused some problems with an organization called NEDA. Do you know what NEDA is?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. What is NEDA, N-E-D-A?

Mr. MARUMOTO. That is the National Economic Development Association, which is a national Spanish-speaking economic development organization, funded out of the office of Minority Business Enterprise at the Department of Commerce.

Mr. DASH. Now, in the memorandum, you say: "I am attaching an editorial written by a NEDA employee opposing the appointment of Cip Guerra as deputy director of OMBE." What is OMBE?

Mr. MARUMOTO. OMBE is the Office of Minority Business Enterprise. Mr. DASH [reading]:

This is the latest example of the unwillingness to cooperate in a "spirit of cooperation" with the Administration. I think before Commercial signs off on their \$2 million grant, you should sit down with Frank Viega and explain the facts of life.

I would appreciate being kept abreast of this highly important matter.

This was sent to Mr. James Lynn. Who was Mr. Lynn?

Mr. MARUMOTO. Mr. Lynn at that time was Under Secretary of Commerce.

Mr. DASH. And who is Frank Viega?

Mr. MARUMOTO. He was the—I believe he was the president of that organization, of the NEDA organization.

Mr. DASH. What facts of life should be explained to him?

Mr. MARUMOTO. Let me just explain that on this \$2 million grant, if I recall correctly, it was the refunding of that particular program. During that past year or so, we found that in trying to unify our whole Spanish-speaking effort, a couple of the senior people with that organization were very disruptive and uncooperative in trying to further some of our goals and objectives. This editorial was the latest one. For some reason Mr. Guerra was recommended for the job after a national search as the No. 2 man at the Office of Minority Business Enterprise. For some reason, some of the members just didn't want him to get it. They felt he was a threat to them because he would have been the controlling agency or individual for that program.

Mr. DASH. Was it part of—I am sorry.

Mr. MARUMOTO. Of course, the other point I would certainly make is that this was the first time that a Spanish-speaking individual had an opportunity to be in either the No. 1 or No. 2 position there at OMBE.

Mr. DASH. Who was Mr. Alfred Villa-Lobos?

Mr. MARUMOTO. He was at that time the executive vice president of that organization.

Mr. DASH. Did you ever ask him to stage a phony demonstration in front of the Los Angeles Times office?

Mr. MARUMOTO. Yes, sir. I don't know if I agree with the term "phony."

Mr. DASH. What term would you use?

Mr. MARUMOTO. I was asked, on that particular occasion by Mr. Colson, when the Los Angeles Times came out with an antiadministration editorial, I believe—I can't recall the particular subject, but we had asked if Mr. Villa-Lobos would organize a group to demonstrate in front of the Los Angeles Times.

Mr. DASH. Did you receive cooperation in that request?

Mr. MARUMOTO. I think after a couple of days, he called back and said he just could not do it.

Mr. DASH. Was it part of the strategy of your program that organizations that showed themselves to be unfriendly to the administration or had individuals who were causing trouble to the administration would not be preferred in the grant-making power?

Mr. MARUMOTO. I don't think so, Mr. Dash. I think our main thrust was not that so much as it was to try to enhance and do everything we could to get the Spanish-speaking people in the mainstream of the governmental process.

Mr. DASH. I understand that was your goal, and I think that you, to a large extent, accomplished it. But among those who were competing in the Spanish-speaking American community, there was quite a bit of discretion, was there not, in various agencies as to who would get a grant?

Mr. MARUMOTO. I think in some cases when an organization might be totally antiadministration, there would be a neutralizing factor there, yes.

Mr. DASH. Now, on exhibit No. 262-6, which is again a weekly, one of your weekly reports on March 3, if you will turn to page 2.

Mr. MARUMOTO. Excuse me, sir, that is not a weekly report. It is a memo from Mr. Malek to—

Mr. TREADWELL. I am sorry. My exhibit No. 262-6 is—we have a memorandum here from Fred Malek. That is our exhibit No. 262-6.

Mr. DASH. In the compilation of these, perhaps there has been some error. The one I am referring to is a March 3, 1972, weekly report for February 28 and March 3. Do you have that report in your folder?

If you will take from Mr. Edmisten his report, I just want to ask this question. On page 2 of that weekly report, paragraph 3 reads:

"Alex Armendariz," which you have already identified as being with the Committee To Re-Elect the President liaison for Spanish-speaking Americans—"and Tony Rodriguez," your assistant, "met with Roy Blasher of OEO regarding a \$200,000 grant to a Spanish-speaking firm in California. This grant is to study and review Spanish-speaking grants that were made last year by OEO."

Now, what was the role of Alex Armendariz from the Committee To Re-Elect the President, which was the political branch of the CRP for the campaign, in meeting with Mr. Blacher of OEO and discussing a grant of \$200,000? Why was he there?

Mr. MARUMOTO. He was involved in terms of signing off on any grants.

Mr. DASH. When you say "signing off," did that mean he would have to agree?

Mr. MARUMOTO. Approve, yes.

Mr. DASH. He would have to approve?

Mr. MARUMOTO. Yes.

Mr. DASH. And he was not actually a staff member of OEO, was he?

Mr. MARUMOTO. No; he wasn't.

Mr. DASH. In fact, as you pointed out, he was the Committee To Re-Elect the President liaison man with the Spanish-speaking community, and therefore, a political signing off was necessary for the making of a grant to a Spanish-speaking American grantee. Is that your testimony?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Now, on page 3 of that memorandum, paragraph 12, again there is a statement, "Armendariz and I are scheduled to see Larry Silberman at Labor, Jack Venneman at HEW, and Joe Blachford at ACTION next week. This should wrap up the departments and agencies we want to cover to date."

Was this an effort at this period in March for you from the White House and Mr. Armendariz from the committee to be meeting with various governmental agencies that give grants to wrap up business?

Mr. MARUMOTO. I think it was more than grants again. What we tried to do was select any department or agency that had vacancies for

high-level positions or grants or contracts that would pertain to this community and we asked that they cooperate in trying to involve our particular constituency.

Mr. DASH. Now, are you aware of a program that was called the "Responsiveness Program"?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Can you briefly tell the committee what your understanding of that program was?

Mr. MARUMOTO. Yes, sir. I believe it was the latter part of 1971, or the first part of 1972, when top officials on the White House staff decided that we needed a vehicle to coordinate any requests and action through the executive branch in terms of high-level employments in grants and contracts, possibly public relations and other functions that would fit into this area. There were either four or five men who were part of that group and at first reported to Fred Malek and then, I believe, to Dan Kingsley.

Mr. DASH. What specifically—who was to be responsible for what?

Mr. MARUMOTO. Within the four or five men who were on that staff, they each had responsibility for so many departments and so many agencies. Those of us in Mr. Colson's operation and the special interest groups then would phone any of our requests to them so there was a coordinated effort out of the White House.

Mr. DASH. And the program contemplated that the agencies would be responsive to the requests?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. And this was fitted in also into the campaign efforts at this time?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Will you turn to exhibit No. 262-7 and, I hope we have the same exhibit, it is a memorandum from Fred Malek to Bob Brown, yourself, Paul Jones, and Alex Armendariz with copies to Ken Cole, Bill Gifford, and John Evans. You might identify Bob Brown for us.

Mr. MARUMOTO. Mr. Brown was special assistant to the President and had the responsibility for the black community.

Mr. DASH. Paul Jones?

Mr. MARUMOTO. Mr. Jones was the director of the black division at the Committee for the Re-Election of the President.

Mr. DASH. I think we have already identified Mr. Armendariz. Who was Ken Cole?

Mr. MARUMOTO. Mr. Cole was the No. 2 man on the Domestic Council under Mr. Ehrlichman.

Mr. DASH. In the White House?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Mr. Bill Gifford?

Mr. MARUMOTO. Mr. Gifford, I believe, was on the legislative or congressional relations staff at the time.

Mr. DASH. And John Evans?

Mr. MARUMOTO. Mr. Evans was a member of the Domestic Council; and among other things, had responsibility for the Department of Commerce.

Mr. DASH. All right.

Now, it is a brief memorandum and let me just read it.

Each of you has expressed concern to me recently about the use of OMBE grants.

I think you have already identified OMBE for us.

This, obviously, represents an excellent opportunity to make a contribution and gain headway in the black and Spanish-speaking area.

I have discussed this situation with Ken Cole, and we are in agreement on the importance of this program to our efforts. However, if we are to be at all effective in the OMBE area, we must insure that the White House speaks with a single voice. Ken and I are agreed that that single voice will be John Evans of the Domestic Council staff.

I believe assigning John the complete responsibility in this area can be quite effective and helpful to our efforts. John has the same objectives that you do, and I am sure you will find him most receptive to your inputs and needs. In this regard, I think it would be helpful if at an early stage you each sat down with John to discuss the blacks and the Spanish-speaking problems, respectively, to ensure he is fully apprised of your needs and that a meaningful liaison is established.

Was that the beginning of—sort of a concentration in dealing with one person in this particular area?

Mr. MARUMOTO. Yes; I think up to this point it was Fred Malek at the White House, so we were trying to channel it into office.

Mr. DASH. Now, on exhibit No. 262-8 in your weekly report that I think I referred to once before for the period March 13 to 17, dated March 17, if you will look at paragraph 1 of that report on the first page.

Alex Armendariz, Tony Rodriguez and I met with representatives of Harry Dent, Clark MacGregor and Bob Brown's offices with the grant officials of OEO to discuss ways of improving coordination and more effective means of getting political impact in the grantmaking process. Discussions pointed out the tremendous need for a centralized computer capability for all departments and agencies whereby one could obtain data regarding grants to any congressional district and/or organization.

By the way, did you ever accomplish this computerized system?

Mr. MARUMOTO. We talked about this, I think, on several occasions but never could put that together.

Mr. DASH. Your meeting again, "I met with representatives of Harry Dent." Who is Harry Dent?

Mr. MARUMOTO. Mr. Dent at that time was special counsel to the President.

Mr. DASH. Clark MacGregor?

Mr. MARUMOTO. He was head of the legislative office at the White House.

Mr. DASH. And does this paragraph, is it self-explanatory, the language, "Improving coordination and more effective means of getting political impact in the grant-making process"?

Mr. MARUMOTO. I would only amplify on that again and say we wanted to get the Spanish speaking more involved, so beside perhaps political impact there were the other considerations.

Mr. DASH. If you will just turn quickly to exhibit No. 262-9, which is another weekly report, dated March 24, on page 2, paragraph 5, and here Mr. Evans is now assuming a role, the paragraph 5 briefly states:

Attended a meeting called by John Evans regarding minority business enterprise. Asked that Armendariz and Rodriguez also be invited. Discussed were recipients of grants for fiscal year 1972 as well as those being considered for additional grants for fiscal year 1972.

Now, Armendariz, as you pointed out, represented the political branch of the committee in the campaign, and what was the purpose

of going over the recipients of the fiscal grant 1972, as well as considering additional grants for fiscal year 1972?

Mr. MARUMOTO. There were some instances where these recipients could get refunded so, for that reason, that particular group would be used, and I think there is a typographical error here in the second mention of 1972 should probably be 1973.

Mr. DASH. 1973.

Now, on page 3 of that same memo, paragraph 15, you report that Rodriguez met with UMTA, what is UMTA?

Mr. MARUMOTO. That is the Urban Mass Transportation Administration which is under the Department of Transportation.

Mr. DASH. And "Administrator Carlos Villarreal and his deputy to set aside \$300,000 for one of our Spanish-speaking contractors. More details to follow."

What is the meaning in that paragraph you wrote for "one of our" Spanish-speaking contractors?

Mr. MARUMOTO. Well, let me before answering that, explain the word "set aside." Under the Nixon administration, we established a minority business program out of SBA and Commerce where we could encourage more minority business, more minorities to get into business. This is a program which calls for a set-aside—calls for a department or agency or funding organization can put aside so many dollars for a minority contract. In terms of our, I think, here we really meant one of our qualified, competent management consultants from the Spanish-speaking community.

Mr. DASH. Well, but the reference is, this is obviously competition between the Spanish-speaking contractors. What is the meaning, to your best recollection, of the term "for one of our Spanish-speaking contractors"? Would that mean a friendly contractor?

Mr. MARUMOTO. If I recall, there are only one or two Spanish-speaking firms that do any work in the transportation area so that, I think, beside this particular meaning of the Department of Transportation, there is one other meaning, and I think the firm is named so we covered both and I don't think they were competing against each other.

Mr. DASH. You say it was not an effort here to prefer one over another.

Mr. MARUMOTO. No, sir.

Mr. DASH. Well, look at exhibit No. 262-11, which is your weekly report dated April 7 to Mr. Malek and Mr. Colson, and on page 2, paragraph 10a—do you have that, Mr. Marumoto?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. "In the grants area"—you report—"Rodriguez and I are working on the following"—and the first thing you mentioned is—"Reviewing with John Evans, Bob Brown, and Wally Henley proposals and grants at OMBE to make sure the right people are being considered and receiving grants from OMBE." Who are the right people?

Mr. MARUMOTO. One, I—these are those who are eligible, qualified to get Government contracts. I think you have to remember there were very few Spanish-speaking firms that have gotten Government contracts during the past several years. One of the things we were trying

to do was to get new ones involved, to make them qualified and file for funds.

Mr. DASH. Would it be fair to say, included in that were also those sympathetic to the administration, the right people?

Mr. MARUMOTO. I would say those who were supporters.

Mr. DASH. Yes, sir, it would include qualified people as you told our staff.

Mr. MARUMOTO. Yes, sir.

Mr. DASH. But also those who are sympathetic to the administration or supportive.

Mr. MARUMOTO. Yes; and I think here I would like to clear the air in terms of any—of the fact we weren't just looking for Republican contractors because in the Spanish-speaking communities there are very, very few, so we were really looking for those who were supportive and qualified.

Mr. DASH. Well, as I think you indicated earlier, the effort was for you and those who were working on the special program to fill gaps in the Federal Government, not just President Nixon's gaps, but gaps in earlier administrations, and filling these gaps was to bring in more Spanish-speaking Americans and I think as you have told us earlier, that a number of the Spanish-speaking Americans were actually Democrats, not Republicans. Was it not the effort of the Committee To Re-Elect the President to win over as many of the—and legitimately so—as many of the Democratic Spanish-speaking Americans to the cause of the reelection of the President?

Mr. MARUMOTO. That is right.

Mr. DASH. So that a number of these contractors would be Democrats but you would, at times draw a distinction between a qualified supporting Spanish-speaking American Democrat and a qualified nonsupporting one?

Mr. MARUMOTO. There might have been that occasion, yes, sir.

Mr. DASH. Now, if you look at exhibit No. 262-19, which is your weekly report to Mr. Malek and Mr. Colson of May 26, 1972, and if you look at page 2, 5b, and there in your report to Mr. Malek and Mr. Colson you say:

Expressed concern to OEO re a \$3 million grant to the Mexican-American Unity Council only to find there were some legal hangups to try to cut them off. They promised at least to monitor the group.

What was the opposition to the Mexican-American Unity Council?

Mr. MARUMOTO. I think this was a situation where they had received a grant from OEO and before someone realized that they had a group that weren't necessarily supportive of the administration and there was some inquiry of trying to unfund them. Upon checking with their general counsel we found that it could not be done.

Mr. DASH. Was there any question as to their qualification?

Mr. MARUMOTO. I don't recall, sir.

Mr. DASH. So the effort to unfund them, really, was based on their learning that they were nonsupportive?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. At least they were going to be monitored by OEO, that was at least the commitment you obtained.

Now, in exhibit No. 262-15, which is another one of your weekly reports of May 5, 1972, to Mr. Malek and Mr. Colson, if you will turn to page 3 and look at paragraph 12:

Rodriguez is in the process of developing a list of all Spanish-speaking Federal employees, grades GS-14 and up, for various uses by 1701.

Now, 1701 we all understand by now in this committee was the Committee To Re-Elect the President offices.

Mr. MARUMOTO. Yes, sir.

Mr. DASH. What uses were to be made of Spanish-speaking Federal employees, grades GS-14 and up by 1701?

Mr. MARUMOTO. I seem to recall, Mr. Dash, that the purpose of this particular project, and I can't recall if it was completed, because we could not get any computer printouts that I can recall, but the purpose or intended purpose was to try to identify who they were in order that we can get them to assist us in identifying programs that the Spanish speaking could be involved in. In addition to help us state the case in terms of the administration's achievements in Spanish-speaking.

Mr. DASH. In other words to utilize some of the Government employees who were GS-14 and over as stating the best cause for the administration.

Mr. MARUMOTO. Yes, sir.

Mr. DASH. I take it you were concerned about the Hatch Act and what role that might play in their activities?

Mr. MARUMOTO. Yes; but I don't think we asked them to get involved politically but to articulate to the best of their knowledge the achievements of this administration.

Mr. DASH. And in a real sense that might even be a legitimate use of the incumbency because, if you had good programs and they could demonstrate them, this would also have an impact on the campaign.

If you look at exhibit No. 262-16, page 3, paragraph 16, your report, another weekly report to Mr. Malek and Mr. Colson—

Rodriguez met with Carlos Villarreal, administrator of UMTA, to talk about setting aside specific moneys for some of our Republican Spanish-speaking contractors.

I think you have already explained what setting aside was under the special program. But here this was a meeting with UMTA to set aside money for some of your Republican Spanish-speaking contractors.

Mr. MARUMOTO. I think, Mr. Dash, this is one of the very few times that the word "Republican" was ever written in any of these reports. I don't think that that intention was really intended.

Mr. DASH. Well, is it—again I think I am being perfectly fair, Mr. Marumoto, I think you have made it clear in your opening statement and the answers that you have made, there was a very substantial effort made on your part to assist Spanish-speaking Americans and Spanish-speaking American businesses, but I think it is fair to say for the record, is it not, that in the effort to do so, there was kept in mind the political impact that such activity would have and, as a matter of fact, there was preference as you have already indicated on a number of occasions for those who were supportive to the program?

What I am doing in a number of references in your report, is to

show repeatedly in your reports to Mr. Malek and Mr. Colson that you were reporting meetings with various Federal agencies in which an effort was made to establish the relationship and to obtain, under either the response program or your own program, preference for supportive qualified Spanish-speaking Americans, is that a fair statement?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Now, there is a group of memorandums that I want to just quickly refer to after having talked about these in general, that deal with particular companies.

Now, do you know the J. Reyes Association?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. They would be a District of Columbia company?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. What company were they and what did they do?

Mr. MARUMOTO. Mr. Reyes, the name of his firm is J. A. Reyes and Associates, he has had his own firm here in the District for, I believe over 10 years or so. I believe he is a Democrat but he headed up the Maryland, Virginia, District Committee for the National Hispanic Financial Committee.

Mr. DASH. Now, I think on a number of your memorandums you indicate that progress has been made to obtain grants for him or to work on grants that were pending for him?

Mr. MARUMOTO. He had already received some Government contracts even before this program by the administration but then during the course of our efforts he again was involved, and I believe he did receive a few, yes.

Mr. DASH. By the way, we have referred from time to time—you have said it and I have repeated it with you—to grants to qualified Spanish-speaking American businessmen. How did you determine whether a particular business was qualified or not when you looked over a grant? Who made that decision?

Mr. MARUMOTO. Usually the program people in the departments and agencies. They advised us; if the firm was totally unqualified, we would have to explain that or have them explain it to these firms. But I would say, generally speaking, most of the firms that submitted proposals were well qualified.

Mr. DASH. Well, if one was more qualified than another but not wholly unqualified, then this question of preference would come in, is that not true?

Mr. MARUMOTO. Excuse me?

Mr. DASH. If one of the contenders for the grant was more qualified than the other, although the other was not wholly unqualified—I think you mentioned if a person was completely unqualified, the agency would report that to you and you would not press for a grant. But if there was a question of—if one contractor who was not supportive of the administration was more qualified than another who was supportive, the preference would be given to the one that was supportive?

Mr. MARUMOTO. Yes, but I think that was an exceptional situation.

Mr. DASH. Did you personally know whether Mr. Reyes' organization was a qualified organization? R-e-y-e-s?

Mr. MARUMOTO. Yes; I think so. I generally did not deal directly with these contractors or management consultants.

Mr. DASH. Did you make any inquiries concerning them?

Mr. MARUMOTO. Yes. I think either Mr. Rodriguez or my staff did some checking on him and two or three of the agencies where the OEO had Government contracts.

Mr. DASH. Now, a number just make reference to assistance to Mr. Reyes, who, as you say, was the head of the District of Columbia, Maryland, and Virginia Hispanic Finance Committee to Re-Elect the President. On your exhibit No. 262-10, your March 31 report, page 3, the bottom, paragraph 19, you report that you "worked with Ramirez re a grant application at OEO for Joe Reyes of Washington, D.C." Then, if you look at exhibit No. 262-15, page 2, 7b, "Department of Transportation, working with UMTA re a \$70,000 grant and on J. A. Reyes Associates of Washington, D.C." Then even a comment to Mr. Malek and Mr. Colson:

"He is the Chairman of the District of Columbia, Maryland, and Virginia section of the National Hispanic Finance Committee."

On exhibit No. 262-37—I am just selecting a few. There are some others, but I do not want to take the time to go through all the memorandums. On exhibit No. 262-37, page 2, 10a: "Following an inquiry from HUD, recommended they award a \$50,000 film contract to Nick Reyes and Associates"—is Nick Reyes Associates the same or different?

Mr. MARUMOTO. They are not related, sir. They are separate companies.

Mr. DASH. That is a separate company, also of Washington, D.C.?

Mr. MARUMOTO. Yes.

Mr. DASH. Now, this particular grant recommendation states: "Over two other Spanish-speaking firms," and then your comment is, "He has been most helpful to Carlos."

Who is Carlos?

Mr. MARUMOTO. That is Mr. Conde.

Mr. DASH. Who was he?

Mr. MARUMOTO. He was the fellow in charge of our communications apparatus for the Spanish-speaking Americans.

Mr. DASH. Now, it is because he was most helpful to Carlos that he was preferred for a \$50,000 grant over two other Spanish-speaking firms?

Mr. MARUMOTO. Mr. Reyes has his own Spanish-speaking TV show here in the District, or had at that time. His firm was in the communications business and he devoted a lot of his free time to Mr. Conde in terms of assisting him in setting up a viable communications organization. I do not recall who the other two firms were.

Mr. DASH. Now, there was also a number of these other memorandums referring to efforts on your part involving an organization called SER. Were those initials for a particular organization, SER?

Mr. MARUMOTO. Yes, I do not recall the full name of SER, but they are a national Spanish-speaking manpower organization.

Mr. DASH. I think we may have it here, Service Employment Redevelopment.

Mr. MARUMOTO. Right.

Mr. DASH. Does that sound familiar to you?

Mr. MARUMOTO. Yes.

Mr. DASH. If you look at exhibit No. 262-38, page 2, 9a, under, again, heading "Grants"—this is another weekly report. Do you have that?

Mr. TREADWELL. What exhibit is that again?

Mr. DASH. Exhibit No. 262-38.

Mr. TREADWELL. Yes.

Mr. DASH. That is your weekly report of July 28, 1972, Mr. Marumoto, to Mr. Colson. Under your heading, "Grants," on page 2, 9a: Ray Hanzlik, Rob Davison, Rodriguez and I have all been involved in increasing a grant for SER out of Labor. It will average out to about \$18 million for fiscal year 1973."

Was there any problem with regard to the ultimate obtaining of that very large grant of \$18 million?

Mr. MARUMOTO. If I recall, SER had received a considerably smaller grant from the Department of Labor for their manpower programs and they just needed assistance in terms of increasing that to make it a more viable organization. The people involved here—Mr. Hanzlik was at that time executive assistant to Mr. Finch, who had the policy-making responsibility to the Spanish-speaking. Rob Davison, who was part of our responsiveness unit, had the Department of Labor as part of his responsibility. And Mr. Rodriguez—that is another case.

Mr. DASH. That is quite a large grant, \$18 million. Compared to its program—

Mr. MARUMOTO. Excuse me?

Mr. DASH. As I say, that is quite a large grant, \$18 million, for fiscal year 1973.

Mr. MARUMOTO. I think in relationship to the population of the Spanish-speaking, it is very small. If I were to do it over again, I think I would recommend more money there. This was one of the very first times that the Spanish-speaking community ever got any money out of the Department of Labor.

Mr. DASH. In exhibit No. 262-43, there is another reference to a SER grant. If you will look at paragraph 12a—I do not find that reference myself to Mr. Armendariz. Turn to exhibit No. 262-45. If you will look at 11b on exhibit No. 262-45, again you report that you were working with SER officials and Rob Davison on the \$18 million manpower grant from the Department of Labor. I think the accomplishment ultimately may have been, if you will look at exhibit No. 262-58, paragraph 37, you report in another weekly report that:

Conde working with John Leslie of the Department of Labor on media event to announce an \$18 million contract to SER for job training for Spanish-speaking. The event will be staged in Los Angeles. . . .

So, apparently, that went through?

Mr. MARUMOTO. Yes.

Mr. DASH. Now, there is another organization—if you will turn back again, Mr. Marumoto, to exhibit No. 262-45, which I was looking at a little while ago, on page 3, which is paragraph 12. Again, this is one of your weekly reports and under "Grants"—

Rodriguez discussed with Richard Zazueta, executive director of SER, about a complaint that his San Jose, Calif., director went to the Democratic convention as a McGovern delegate on SER time and funds. If true, we want disciplinary action taken against him.

Now, was that because this is a violation of any regulation or law?

Mr. MARUMOTO. Yes, he violated, I believe, the Hatch Act as an employee of a Federal program. That was brought to our attention by several individuals.

Mr. DASH. Was this effort on your part to bring to the attention of those who could bring disciplinary action, the political activities of a person working for grantees, was that applied uniformly to those who might have been active in the campaign for the reelection of the President?

Mr. MARUMOTO. Excuse me, I did not understand your question.

Mr. DASH. Would your recommendation have been the same with this particular director, if his activities were for the reelection of the President?

Mr. MARUMOTO. I think that we tried not to get those who were "Hatched" to get involved in the political arena. The recommendation was that they could articulate the achievements of the President in the Spanish-speaking area but not to campaign politically.

Mr. DASH. But you did ask, did you not, the NEDA group for advance men and for space for the campaign?

Mr. MARUMOTO. I did not understand you.

Mr. DASH. Did you ask NEDA, which I think you have identified to us as one of the organizations for advance men, and space for the campaign for the reelection of the President.

Mr. MARUMOTO. I did not, sir.

Mr. DASH. Were you aware that they were asked?

Mr. MARUMOTO. I do not recall that.

Mr. DASH. Now, there are other Spanish-speaking organizations that were contractors. One was the Development Associates and I take it the head of that was Mr. Sanchez?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Now, he didn't, apparently, fare as well. If you look at exhibit No. 262-36—by the way, was he considered a supportive person for the administration?

Mr. MARUMOTO. I think it was called to our attention from various sources that he was active with the Democratic National Committee and with Cesar Chavez, as well as having worked for—

Mr. DASH. I would like to ask, if that is the memorandum that you are reading from of July 19, 1972, to Mr. Rob Davison? We have mentioned his name. Who was Rob Davidson?

Mr. MARUMOTO. He was part of the responsiveness group. He had the Small Business Administration as one of his liaison.

Mr. DASH. And here now:

Development Associates, headed up by Leveo Sanchez, is a Washington-based consulting firm that has been funded for \$1 to \$2 million by our Administration.

Sanchez prior to formation of this firm was Regional Director of OEO under Sargent Shriver and prior to that, with the Peace Corps, working for Frank Mankiewicz (one of McGovern's Campaign Co-Chairmen) and Jack Vaughn.

Most recently, he was awarded a five-year grant for \$722,383 from HEW to evaluate an experimental school program and he also received an 8a SBA contract for over \$200,000 to evaluate bilingual educational programs in the United States. It also appears he will obtain a \$30,000 grant from HUD, Region IX relatively soon. In addition, he is presently under consideration at the Department of Labor for a \$70,000 grant.

This is a classic example of a firm, not necessarily on our team, which is making a comfortable living off of us. These are grants that we were aware of which indicates they may have a few others.

I would recommend if it is not too late, we stop the proposals at the Department of Labor and HUD.

Now, by the way, that was your memorandum of July 19 and a return, a memorandum for Rob Davison from Alex Armendariz of the CRP, who received a copy of your memorandum, says that, on the next page of that memo, this exhibit:

We have inquired about Development Associates and have learned of their close ties with the DNC and Cesar Chavez. We fully concur with Bill Marumoto to his memo of July 19th.

In other words, this was now a company, Development Associates, Spanish-speaking American contractors, Leveo Sanchez, who was clearly not supportive, and the recommendation you make is that they be cut off?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Now, did you have any information that they were not a qualified organization?

Mr. MARUMOTO. No, sir, they were qualified.

Mr. DASH. As a matter of fact, did you ever hear that Development Associates was one of the most competent firms in the business?

Mr. MARUMOTO. I don't know if I heard it that way, but I did hear—

Mr. DASH. Well, they were competent?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. And the grant moneys that were given to these agencies by the Departments of Labor, HUD, and the others that I have referred to were all moneys appropriated by Congress, moneys coming from taxpayers' funds.

When you say "living off of us," who is "us"?

Mr. MARUMOTO. I meant this administration.

Mr. DASH. The administration.

"Living off of us" means the taxpayers' money as well, all the people.

Mr. MARUMOTO. Yes.

Mr. DASH. And because Mr. Sanchez happened to be closely aligned to the Democratic efforts, your recommendation was that he be cut off. Clearly, that had nothing to do with qualification, had nothing to do with a Spanish-speaking American contractor. But it was certainly an effort, a punitive effort, would it not be—

Mr. MARUMOTO. Yes, sir.

Mr. DASH [continuing]. Because of his lack of support for the administration.

As a matter of fact, what happened to Mr. Sanchez?

Mr. MARUMOTO. I believe he was graduated out of the 8(a) program?

Mr. DASH. What does it mean to be graduated out of the 8(a) program?

Mr. MARUMOTO. The 8(a) program is—earlier in our discussion, your questioning, which was geared for minority business firms—when you hit a certain amount of money, a certain amount of sales volume, like \$2 or \$3 million, then you get graduated where you have to compete against nonminority firms.

Mr. DASH. Right. Isn't it true, let me explain, that under the policy of this administration, 8(a) of the Small Business Administration Act, there was an effort to utilize the 8(a) money for disadvantaged contractors and it's a sort of sheltered kind of program, and that once such a contractor got on his own feet and was able to do well, then you would

want to move him out so that another person who needed that kind of money would get it?

Mr. MARUMOTO. Yes.

Mr. DASH. Isn't it true that Mr. Sanchez' well-being came primarily from Federal grants?

Mr. MARUMOTO. I believe so.

Mr. DASH. And if you graduate him, he has to compete now, not in this favored, disadvantaged group under 8(a) in the policy, but he has now to compete with other grantees.

Mr. MARUMOTO. That is right.

Mr. DASH. As a matter of fact, if he had a 3-year grant in which, under the special sheltered arrangement, he would only have 1 year of that grant operating and he hired people in anticipation of the next few years, if he was graduated out, would he not have to finish up that 1 year and he would not get the balance of the 2 years?

Mr. MARUMOTO. That I don't know, sir.

Mr. DASH. If you turn to page 53—I mean exhibit No. 262-53, you will see the graduation diploma. This was sent on September 25, 1972, to Mr. Leveo Sanchez, president of the Development Associates, Inc., by the Small Business Administration:

GENTLEMEN: A recent review of your file indicates that the level of 8(a) contract assistance in the dollar amount requested in your business plan has now been attained.

We are pleased to include your firm as one of the 8(a) "graduates" and sincerely hope that the contracts furnished to you have been instrumental in the progression of your firm to viability. Your success now permits other disadvantaged firms a similar opportunity to participate in 8(a) program.

We congratulate you for making such rapid progress in developing your company. The Small Business Administration staff is proud to have had a hand in your development.

Obviously, once he gets this graduation letter and no longer fits within this program, he actually may not any longer be in a position to receive the grants that made him so viable. Is that true?

Mr. MARUMOTO. Yes and no. I think he had a big enough firm that he could compete both in private and public sectors.

Mr. DASH. Oh, he cannot compete; yes, but there was a preferred role he was having prior to that.

Mr. MARUMOTO. Right.

Mr. DASH. Are you aware of any other graduates of Spanish-speaking American contractors?

Mr. MARUMOTO. Not offhand, sir.

Mr. DASH. Mr. Sanchez happens to have been the most successful?

Mr. MARUMOTO. At that time, yes.

Mr. DASH. Was there a political input on the decision as to who would graduate or not?

Mr. MARUMOTO. In this case, yes.

Mr. DASH. Did you know whether Mr. Sanchez was solicited by Mr. Reyes for any financial contributions?

Mr. MARUMOTO. I would think so. As an individual who was doing well here in the area, I am sure that Mr. Reyes, who was chairman of the National Hispanic Finance Committee for this area, would have done so. But I don't know for a fact.

Mr. DASH. Did you have lunch with Mr. Sanchez 2 days before the memo?

Mr. MARUMOTO. I don't recall when I had lunch with him, but I did have lunch with him and also with someone else on the White House staff.

Mr. DASH. Do you know whether Mr. Sanchez made any contributions?

Mr. MARUMOTO. No, we didn't even talk about it, sir.

Mr. DASH. Did you learn from Mr. Reyes whether he made any contribution?

Mr. MARUMOTO. I don't know, sir.

Mr. DASH. I think with his affiliation, he probably did not.

Mr. MARUMOTO. I don't recall such a discussion.

Mr. DASH. Also, who is Ed Pena?

Mr. MARUMOTO. He was the director of, I believe, the Federal compliance over at the Equal Employment Opportunity Commission.

Mr. DASH. There was some unhappiness with Mr. Pena. Do you recall what it was?

Mr. MARUMOTO. It seems to me there was an exhibit memo here.

Mr. DASH. Yes, I probably can help you on it. Exhibit No. 262-17, page 2, 11c. This is, again, one of your weekly reports of May 19, 1972. You report that your "working with Kingsley, Ramirez, and Rodriguez, redissmission of Ed Pena, director of compliance of EEOC."

What is EEOC?

Mr. MARUMOTO. It is Equal Employment Opportunity Commission.

Mr. DASH. Why were you working with Mr. Kingsley, Mr. Ramirez, Mr. Rodriguez, to have him dismissed?

Mr. MARUMOTO. Mr. Kingsley was head of the patronage operation under Mr. Malek. We—Mr. Ramirez, Mr. Rodriguez, and I—had gotten several telephone calls and letters saying that Mr. Pena, who was in a civil service job, was actively campaigning at various Spanish-speaking meetings.

Refer to exhibit No. 262-47.

Mr. DASH. Exhibit No. 262-47 is a memorandum from David Florence to Alex Armendariz, actually with regard to Mr. Pena. That is true, isn't it?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. That brief memorandum reads: "August 25, 1972. At our Nixon hospitality room during the LULAC Supreme Council"—what is LULAC?

Mr. MARUMOTO. That is the largest Mexican-American association, called the Elite of the United Mexican-American Citizens.

Mr. DASH. At the meeting of the LULAC Supreme Council, it says:

Ed Pena spent a great deal of time attempting to undermine our efforts. Some of the typical comments were the following:

"I have posters of Nixon in my office showing a little pregnant girl pointing her fingers to 'Tricky Dicky' and saying 'he did it'."

During the banquet, he addressed a group over the microphone with the following comment:

"Earlier today, I attended a hospitality room for the re-election of the President. The only president I recognized has already been elected. That president is Pete Villa."

Who is Pete Villa?

Mr. MARUMOTO. I am sorry.

Mr. DASH. Who is Pete Villa?

Mr. MARUMOTO. He is the national president of that organization. Mr. DASH [continues reading] :

"The only President I recognize has already been elected. That President is Pete Villa."

Other comments tending to undermine our efforts were also made.

Later, Pete Villa commented to me that Ed Pena thought LULAC was getting too Republican and that he, Ed, wanted LULAC to invite Shriver to the October Supreme Council meeting in Washington.

It is my belief that one of the reasons Pete Villa and Roberto Ornelas follow Ed Pena around and speak up for him is so that they will be in "thick" with the McGovern Administration if McGovern is elected President.

It is my belief that it would be wise to terminate Ed Pena from his position as a GS-18 at EEOC.

The complaint, apparently, of the memorandum was that LULAC was becoming too Republican apparently, the memorandum, his recommendation was that someone would invite over Sargent Shriver or somebody from the Democrats, who would talk.

Did you consider that the substance of this memorandum was political activity on the part of—

Mr. MARUMOTO. I think there is a lot more that isn't written down here in terms of his political activities, but generally speaking, yes, I would also say that he struck a number of people in referring to his posters of Nixon in his office, showing a little pregnant girl, was obscene and disrespectful of the Office of the Presidency.

Mr. DASH. And it was that kind of consideration that led to the recommendation?

Mr. MARUMOTO. Yes.

Mr. DASH. In other words, was he fired?

Mr. MARUMOTO. There was considerable discussion with Chairman Bill Brown at EEOC, who was the head of that agency, but he was not; nothing occurred, to my knowledge.

Mr. DASH. Was there anything different from what Mr. Pena was doing than from what various persons were doing who were working in similar positions who may have been Republicans?

Mr. MARUMOTO. I don't think so.

Mr. DASH. So in a sense, this, too, was an act, although maybe proper, based on the evaluation of his activity, that was directed against him because he was against the administration, not for the administration.

Now, do you know a person named Judge Hernandez?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Who was he?

Mr. MARUMOTO. Alfred Hernandez used to be a judge. I am not sure what kind of court. He is from Houston, Tex., where he was a three-time national president of LULAC, a very active Democrat. There were some discussions between the judge and some members of our staff as to his support of the President during the election.

Mr. DASH. As a matter of fact, in exhibit No. 262-24, in your weekly report to Mr. Malek and Mr. Colson of June 9, on page 2, paragraph 7, you say:

Alex Armendariz, Carlos Conde, Rodriguez and I met with Judge Alfred Hernandez of Houston, Texas, re his interest in supporting the President. He is a lifelong Democrat and national leader, who is very well known in the Mexican-American community.

Now, if you will turn to exhibit No. 262-44; there are a series of memos and letters. The first one is a memorandum of August 18, 1972,

memorandum from you to John Clarke. Have we identified John Clarke?

Mr. MARUMOTO. No.

Mr. DASH. Who is John Clarke?

Mr. MARUMOTO. He was part of our executive team there at the White House.

Mr. DASH. Subject of the memorandum is Judge Alfred Hernandez:

If any vacancies come up for the Federal bench in Texas, 1701 and our operation would like to see Judge Hernandez appointed.

He is a Democrat who is presently heading the Spanish-speaking Democrats for the President and is a three-time past national President of LULAC, the largest Chicano service organization in the country.

It would be a real coup if we could appoint him.

By that time on August 18, he had accepted his position as head of the Spanish-Speaking American Democrats for the President. Now, there is a letter that you wrote on June 12, 1972, after having a meeting apparently, with Judge Hernandez. I think he was a judge at one time. Page 2 of the same exhibit.

Mr. MARUMOTO. Yes, sir.

Mr. DASH. He was once a judge or is a judge?

Mr. MARUMOTO. Yes, he was in private practice at this time.

Mr. DASH. But you still refer to him as Judge Hernandez.

Your letter is dated June 12, and you say to him:

It was good to have seen you again and particularly to hear of your interest in supporting the re-election of the President.

I want to emphasize that if you implement your plans as we discussed, the President will adequately recognize you.

Look forward to seeing you at the LULAC National Convention.

All good things to you, William Marumoto, Staff Assistant to the President.

Now, page 3 of that exhibit.

Apparently, on June 8, just prior to that which probably led up to that meeting, is a memorandum which is to a blank person, you might explain why it was for anybody from Alex Armendariz and whoever would go see him.

Mr. MARUMOTO. Yes.

Mr. DASH. In other words, whoever would go to see Judge Hernandez, Armendariz would write him a memo and that would be you and it said:

With reference to your appointment tomorrow, Alfred Hernandez is past three term national chairman of the League of United Latin Americans Citizens (LULAC) and is presently serving on the Democratic National Advisory Committee. Mr. Hernandez has campaigned vigorously for Democrats (Humphrey in 1968 included) in past elections and is a well known Democrat.

Impressed with the President's record in assisting Spanish-speaking and disenchanted with a lack of recognition from Democrats, Mr. Hernandez is considering taking action in public support of the President. Preliminary discussions involved the possibility of Mr. Hernandez coming to Washington along with other leading Spanish-speaking Democrats for a press conference to be held one week after the National Democratic Convention and articulating their support of the President. Mr. Hernandez has hopes that this move will bring him better recognition than he has received from Democrats. His final decision will be made within a few days after the National LULAC Convention, June 30th to July 1st, unless you can help get him committed now.

Apparently, he was committed later.

By the way, did he to your knowledge, ever receive any appointment?

Mr. MARUMOTO. He was offered the commissionership on the Consumer Safety Products Commission earlier this year but turned it down because he decided he did not want to come to Washington.

Mr. DASH. Now, in a number of these memorandums, Mr. Marumoto, I have been referring to various grants that you had or this responsiveness program that had something to do with Spanish-speaking American grantees, and in order to sort of quantify that to some extent, we have prepared and, I think we have shown you a list and I do not know whether you have had an opportunity to examine it, but we have taken this from the various grants that have been referred to and it is a three-page list which totals for the 45 firms, nine departments and agencies involved and of a total of about 60,000—\$60 million, excuse me, \$89,000 in grants, so approximately \$61 million in grants were achieved, which—by your efforts and the efforts of all of those who were attempting to fill the gap, as you explained in your earlier memos.

Mr. MARUMOTO. Mr. Dash, I would like to clarify that. These grants were not achieved. These were grants and contracts that we were trying to get for Spanish-speaking contractors and organizations, but many of them did not get it.

Mr. DASH. Many of them did not get through?

Mr. MARUMOTO. Right.

Mr. DASH. Or may be pending?

Mr. MARUMOTO. Right, for one reason or another they could be pending.

Mr. DASH. Your testimony is that the effort amounted to about \$61 million in grants.

Mr. MARUMOTO. That we could identify.

Mr. DASH. Right, and again, this is my last question at this time, these amount of grants that you have identified and were attempted to direct toward Spanish-speaking businessmen, contractors, in large part were tied up to a responsiveness program and a responsiveness program was an effort to reward, as you would put it, to the extent that you knew they were qualified supportive businessmen and contractors of the administration. That was sort of the thrust of it. And again, I want to in all fairness, state that it was to aid the Spanish-speaking American contractors but in this case aid, more than others, those who were supporting the administration, is that true?

Mr. MARUMOTO. Yes.

Mr. DASH. At this time, Mr. Chairman, I have no further questions.

Senator BAKER [presiding]. Mr. Dash, thank you very much. The witness will be examined next by Mr. Don Sanders, who is the deputy minority counsel.

Mr. SANDERS. Mr. Marumoto, to your knowledge, did any firms, any minority enterprises, receive any contracts for which they were not qualified?

Mr. MARUMOTO. I am not aware of any but that could be a situation, sir.

Mr. SANDERS. Do you have knowledge of any firms not qualified being encouraged to make application for contracts or grants?

Mr. MARUMOTO. I do not recall any.

Mr. SANDERS. It was, as I understand then from your testimony, the policy of the administration to put contracts and awards into the

hands of minority enterprises in order to increase their share in the business activity in the United States. Is that correct?

Mr. MARUMOTO. Yes.

Mr. SANDERS. Was this not a policy based on official regulations of the Department of Labor and the Small Business Administration?

Mr. MARUMOTO. That is right.

Mr. SANDERS. And did this not have some statutory basis?

Mr. MARUMOTO. It sure does.

Mr. SANDERS. In the Economic Opportunity Act?

Mr. MARUMOTO. That, I am not aware of.

Mr. SANDERS. Was it not the thrust of those official policies to actually encourage the participation of minority enterprise in America?

Mr. MARUMOTO. That is right.

Mr. SANDERS. To your knowledge, did anyone working under your direction or in association with you, solicit applications from firms who were not qualified?

Mr. MARUMOTO. I am not aware of that, sir.

Mr. SANDERS. Do you have knowledge that once applications for any unqualified firms were made that you are anyone associated with you pressed for awards to such firms?

Mr. MARUMOTO. I do not recall any.

Mr. SANDERS. I have not seen this list of awards that Mr. Dash made reference to. This three-page document indicates there was a total of \$60 million in contracts and grants, I presume awarded to minority enterprises.

Mr. MARUMOTO. These were not awards, sir. I think that the heading on this list is misrepresented in that they were not effected. This reads, "Contracts and grants affected by Marumoto." That is not correct, sir. That is correct if one is going to put a heading on it that should read grants and contract proposals that we were involved in.

Mr. SANDERS. Well, can you tell from looking at this, is it in fact a listing of contracts and grants which were effected?

Mr. MARUMOTO. Effected?

Mr. SANDERS. Which were effected, concluded.

Mr. MARUMOTO. No; they were not all successful, sir.

Mr. SANDERS. They were not successful. Some of them were?

Mr. MARUMOTO. Pardon me?

Mr. SANDERS. Some of them were?

Mr. MARUMOTO. Effected?

Mr. SANDERS. Yes.

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Did you say "affected" or "effected"?

Mr. SANDERS. I deliberately chose the word "effected."

Senator BAKER. I am not going to mediate.

Mr. DASH. That was the caption.

Mr. SANDERS. Your indication here, I understand what you mean here by the title but I was seeking information in a different respect.

Did you or your associates in the White House at any time make an estimate of the total amount of money which might be available for awarding of contracts and grants to minority enterprises?

Mr. MARUMOTO. I think we tried to do this but because there was not anyway of calculating this within the departments and agencies,

I do not think it ever happened. In fact this is the first time I have ever seen a listing of proposals from the Spanish-speaking community.

Mr. SANDERS. You are not able to state an approximate sum which might have been available?

Mr. MARUMOTO. No, sir.

Mr. SANDERS. Can you state the total amount which was awarded to minority enterprises in the last fiscal year?

Mr. MARUMOTO. No, sir; I could not do that. I am sure that it might be an overall record but I do not know how that would break out in terms of Spanish-speaking firms or black firms or other minority firms.

Mr. SANDERS. Did you ever calculate the amount which was awarded to any firms, which was awarded to firms to which you provided some encouragement or assistance?

Mr. MARUMOTO. No, sir. I think our main objective was to help these individuals and firms to get contracts or grants and to get the greatest impact out of that but we never, to my knowledge, calculated the amount of money that any individual or organization had.

Mr. SANDERS. Mr. Marumoto, did you solicit at any time any votes from any persons who were associated with any minority enterprise?

Mr. MARUMOTO. Any votes?

Mr. SANDERS. Yes. Any votes for the reelection of President Nixon.

Mr. MARUMOTO. No, sir.

Mr. SANDERS. To your knowledge, did anyone working under your direction or associated with you solicit any votes from any persons connected with minority enterprises?

Mr. MARUMOTO. Not that I am aware of, sir.

Mr. SANDERS. Did you—

Mr. MARUMOTO. Can I just amplify that a little bit. I think here the officials over at the Committee for the Re-Election as well as the National Hispanic Committee—finance committee really took that responsibility.

Mr. SANDERS. I was speaking of persons within the White House.

Mr. MARUMOTO. No; I am not aware of any, sir.

Mr. SANDERS. Did you solicit any contributions from any persons associated with minority enterprise?

Mr. MARUMOTO. In terms of the National Hispanic Finance Committee again the chairman and his committee would actively solicit any contributions. We never did. There was one instance though that I would like to bring to your attention in terms of an Hispanic-American firm in Texas. The gentleman whose name is Claudio Arenas and he is the head of [conferring with counsel], I can't recall the name of the firm but the party's name is Claudio Arenas from, I believe, Dallas. He, during, I believe, 1972 or it could have been 1971 for that matter, discussed with my deputy, Mr. Rodriguez, the fact that he did not want to make a political contribution to either the National Hispanic Finance Committee or to the Texas State Republican Committee.

Mr. SANDERS. I think you might find this in exhibit No. 262-50, and see if that is what you are looking for.

Mr. TREADWELL. Did you say exhibit No. 262-50?

Mr. SANDERS. Fifty. Is that what you are referring to?

Mr. MARUMOTO. No. He contacted Mr. Rodriguez and indicated he did not wish to make a political contribution to either of those

two organizations but that he felt very, very strongly of what we were trying to do, in terms of the Spanish-speaking people throughout the Federal Government, and suggested that he would like to make a donation to what we were trying to do, so he gave Mr. Rodriguez, and I don't know now the exact date or what it was, \$2,000 in cash in various dollar amounts to one, to be used for some of our special activities. During this period of time I think we sponsored about five or six receptions or dinners, mostly here in Washington, for the Spanish-speaking leaders throughout the country, and there were costs incurred for postage, printed invitations, refreshments, hors d'oeuvres and most of that money was spent for those functions. The other part of it, Mr. Rodriguez gave me \$800 of this \$2,000 in cash, which I had in a white envelope in my office located in a file cabinet to be used to buy gold medallions of the President, I believe, 1968 inaugural from the Department of the Treasury. One of the things we tried to do, when I was at the White House, was accommodate as many of the Spanish-speaking people who came into Washington through various means and one thing we did do, when they came into the office, was to give them a memento such as a color photograph of the President, a gold pen with the President's signature, these medallions and some other things and that was done before and after the election [conferring with counsel]. There were other instances, maybe two or three and I don't even recall what they were, where individuals, not necessarily contractors, wrote saying they wanted to contribute to our offices for the President's campaign. We sent those letters back to those individuals and suggested how they could make a contribution. I believe you will find those records in my files at the White House.

Mr. SANDERS. Why didn't you send those directly over to the finance committee?

Mr. MARUMOTO. We sent the check. You mean these checks I am referring to?

Mr. SANDERS. Yes.

Mr. MARUMOTO. I guess it was a matter of mechanics but I suggested that they send it directly. I think in most cases that I can recall, for one reason or another, they would have personality problems with those at the National Hispanic Finance Committee. Plus, it is legally not my job to accept any political contributions.

Mr. SANDERS. So you felt that by sending it directly to the finance committee there would be, at least could be, an appearance of some impropriety?

Mr. MARUMOTO. Pardon me?

Mr. SANDERS. Would you have thought that by sending it directly to the finance committee there could even be the appearance of some impropriety?

Mr. MARUMOTO. Perhaps.

Mr. SANDERS. This \$2,000 which Mr. Arenas—

Mr. MARUMOTO. Yes, sir.

Mr. SANDERS [continuing]. Gave to Mr. Rodriguez, did Mr. Rodriguez solicit that from Mr. Arenas?

Mr. MARUMOTO. I don't believe so, sir. Mr. Arenas, sir, I think wanted to make some kind of contribution and there was a tangible way of doing it.

Mr. SANDERS. Did you suggest to Mr. Rodriguez or direct him to contact Mr. Arenas for this contribution?

Mr. MARUMOTO. No, sir. They had known each other previous to this and I don't know—I believe Mr. Arenas called him saying he wanted to make some kind of contribution and they had a discussion about it. Mr. Rodriguez asked me, told me about the situation, and I guess I made that final judgment to go the route that we did.

Mr. SANDERS. In fact, this money had never found its way to the finance committee or to the CRP for use in the campaign?

Mr. MARUMOTO. Right. He didn't want it that way.

Mr. SANDERS. Did you use any of these funds for any personal gain?

Mr. MARUMOTO. No, sir.

Mr. SANDERS. Or to your knowledge, did Mr. Rodriguez?

Mr. MARUMOTO. No, sir, I did not, and the record, I think, will show that.

Mr. SANDERS. Were you counseled or directed or encouraged by any persons to whom you reported in the White House to seek political contributions from minority enterprises?

Mr. MARUMOTO. No, sir.

Mr. SANDERS. Would you have judged that you were, in fact, not entitled to do so or were not authorized to do so?

Mr. MARUMOTO. Right. Let me just emphasize. I didn't see any role in terms of soliciting any kind of contribution or trying to work directly with these contractors, grantees. But it was more a thrust of getting things done for the Spanish-speaking.

Mr. SANDERS. Do you have knowledge as to whether any persons in the White House or in any of the Departments, any persons who had any responsibility whatsoever for any aspect of a decision affecting the grant of an award or contract, solicited funds from any minority enterprises?

Mr. MARUMOTO. I am not aware of any, sir. We didn't work that closely with the other special interest groups or individuals who were outside of our area.

Mr. SANDERS. Would it be fair to say then, that part of your program, one of your responsibilities, was to insure that the administration received some recognition for awards which were made to minority enterprises.

Mr. MARUMOTO. That is right.

Mr. SANDERS. Is there anything illegal in this?

Mr. MARUMOTO. Not that I know of, sir. One of the things we wanted to do was to publicize it very loudly. Any grants or contracts that the Spanish-speaking got from the Federal Government to make sure the Spanish-speaking media throughout the country got any kind of attention.

Mr. SANDERS. Did you view this as in any way being unethical?

Mr. MARUMOTO. No, sir.

Mr. SANDERS. Based on your experience in Government, particularly in the award area, have you had occasion to observe any practice whereby Congressmen and Senators make public announcements of grants and awards which are given to persons or firms within their own districts?

Mr. MARUMOTO. Right. We worked with them, too.

Mr. SANDERS. Democrats and Republicans?

Mr. MARUMOTO. Yes, sir.

Mr. SANDERS. And by such public announcements by the Congressman or Senator, thereby receiving some measure of recognition for this award in his district?

Mr. MARUMOTO. Yes, sir.

Mr. SANDERS. Do you know whether, in reference to exhibit No. 262-53, do you know whether LaRaza solicited Sanchez for a contribution?

Mr. MARUMOTO. I don't know that for a fact, sir.

Mr. SANDERS. With respect to seeking persons to fill positions within the executive branch of Government, do you know of any persons receiving appointments to vacancies for which they were not qualified?

Mr. MARUMOTO. I don't recall any, sir. I think most of those who were appointed were carefully screened. We did recruiting efforts on a national basis to find the best qualified and most competent men or women to join the administration.

Mr. SANDERS. To your knowledge, were any contracts or grants awarded on the basis of your recommendation?

Mr. MARUMOTO. Well, I think it was a combined recommendation of a number of us, people in the responsiveness group, individuals and officials at the Committee To Re-Elect, and then our operation.

I would say the department or agency also had a big hand in making that decision.

Mr. SANDERS. Did not the department or agency, in fact, have the final authority over the decision?

Mr. MARUMOTO. That is right, and that occurred on a number of occasions, as you can tell by this list that the majority of the committee compiled.

Mr. SANDERS. Mr. Chairman, I have no further questions at this time.

Senator BAKER. Thank you, Mr. Sanders.

Senator Montoya.

Senator MONTOKA. Mr. Marumoto, who placed you in charge of this particular division under Mr. Malek?

Mr. MARUMOTO. That decision was made concurrently by Mr. Colson and Mr. Malek.

Senator MONTOKA. When was this done?

Mr. MARUMOTO. I believe sometime in 1971. I don't recall the exact date, sir.

Senator MONTOKA. When did you really start to activate the mission?

Mr. MARUMOTO. I believe we started in late 1971.

Senator MONTOKA. I know that most of your memorandums here are dated 1972, starting about March and April.

Mr. MARUMOTO. I think there were some before, I am almost sure, Senator, there were memorandums before that time.

Senator MONTOKA. What were you doing in 1971?

Mr. MARUMOTO. I was working both in recruiting individuals for sub-Cabinet positions throughout the executive branch and also in the Spanish-speaking area.

Senator MONTOKA. When did you start working on these projects to try to get grants for these minority organizations?

Mr. MARUMOTO. I believe it was about the latter part of 1971, sir.

Senator MONTOKA. And how many grants would you say you got through your organization at the White House for these minority groups?

Mr. MARUMOTO. We never kept a list of that, Senator, so I couldn't tell you how many or what the amounts were or who they were.

Senator MONTTOYA. Didn't you get any reports?

Mr. MARUMOTO. No, sir. They were in the memorandums. We never made separate reports.

Senator MONTTOYA. I notice in your opening statement that you, on page 2, you make a statement President Nixon set out to do something about meeting the needs of the Spanish-speaking. He created a statutory cabinet committee on opportunities for Spanish-speaking people.

Did the President do this?

Mr. MARUMOTO. Yes; he did, sir.

Senator MONTTOYA. How did he do this?

Mr. MARUMOTO. He did that by legislation and signed that law on December 30, 1969.

Senator MONTTOYA. Did he recommend it?

Mr. MARUMOTO. No.

Senator MONTTOYA. Initially?

Mr. MARUMOTO. Pardon me?

Senator MONTTOYA. Did he recommend it initially?

Mr. MARUMOTO. I believe there was another organization under President Johnson called the inneragency—

Senator MONTTOYA. It was an ad hoc committee under President Johnson that started this, wasn't it?

Mr. MARUMOTO. Right.

Senator MONTTOYA. And then I introduced the bill in the Senate on my own initiative, without recommendation from the President, and that is how this was created.

Mr. MARUMOTO. I was not aware of that.

Senator MONTTOYA. Yes; I just wanted to clear the record here.

Now, can you tell us what the Cabinet level committee has done for the Spanish-speaking people? I notice that all your memorandums are concentrated on getting grants from other departments and no credit is given to the Cabinet level committee. Now, did they do anything for the Spanish-speaking people?

Mr. MARUMOTO. I think so, Senator.

Senator MONTTOYA. Like what?

Mr. MARUMOTO. Well, for instance, they were also very—we worked together, I might say, very closely and any of these things that took place, they were also very actively involved. To give you an example, whenever we wanted to find qualified individuals for any positions, the members of that committee, both staff and the advisory council, were notified of these opportunities. [Conferring with counsel.] And there were a number of other things that they got involved in.

Senator MONTTOYA. I have been trying to get a report from them as to what they have done and they haven't been able to furnish me one. I do know that Mr. Ramirez went all over the country campaigning.

Mr. MARUMOTO. Excuse me, Senator. I did not hear your question.

Senator MONTTOYA. I do know Mr. Ramirez went all over the country campaigning for President Nixon.

Mr. MARUMOTO. He certainly did a lot of traveling last year to articulate the achievement of the administration, yes, sir.

Senator MONTTOYA. What did you do about Leveo Sanchez? Did you send him down and tell him just how grateful he should be to the administration for all the grants which he had received?

Mr. MARUMOTO. No, sir.

Senator MONTTOYA. Are you sure you didn't send him down with the people in the Department of Labor and tell him about these things and also exhort him to show his appreciation through a little contribution?

Mr. MARUMOTO. No, sir.

Senator MONTTOYA. Now, if he states that in subsequent testimony, would you deny this?

Mr. MARUMOTO. Yes, sir.

Senator MONTTOYA. Now, do you remember a meeting that you had with him about the time that contributions were in season, with Mr. Wimmer of the Department of Labor?

Mr. MARUMOTO. Yes, sir.

Senator MONTTOYA. And that was 2 days before you submitted the memorandum of July 19, was it not?

Mr. MARUMOTO. I don't recall the exact date that I had lunch with him.

Senator MONTTOYA. It was at that time, too, that you suddenly suggested to him that he should make a contribution and he refused?

Mr. MARUMOTO. No. To the best of my recollection, Senator, there was no discussion whatsoever in terms of any political—in terms of the—of any contribution to the campaign.

Senator MONTTOYA. What made you suggest in the memorandum that he was getting fat and he was not very considerate or appreciative?

Mr. MARUMOTO. I don't think I worded it that way.

Senator MONTTOYA. Well, that is the import of it.

Here is what you say, "This is a classic example of a firm not necessarily on our team which is making a comfortable living off us. These are grants that we are aware of which indicates they may have a few others."

What did you mean by that paragraph?

Mr. MARUMOTO. That he was extremely well.

Senator MONTTOYA. What did you mean when you said that he was "making a comfortable living off of us"?

Mr. MARUMOTO. Again, that his volume of business was extremely well and he had a good income.

Senator MONTTOYA. On July 24, there was another memorandum from Alex Armendariz, presumably he was investigating this for you, and the memorandum indicates as follows and I quote:

"We have inquired about Development Association and have learned of their close ties with the DNC and Cesar Chavez. We fully concur with Bill Marumoto of July 19."

Now, what interconnection does the observation of Mr. Armendariz have with your memorandum of July 19?

Mr. MARUMOTO. That we both made the same observations of Mr. Sanchez.

Senator MONTTOYA. In other words, you were not very well pleased with his cooperative spirit or cooperation with respect to the reelection campaign of President Nixon.

Mr. MARUMOTO. No, sir. I did not discuss any cooperativeness or of any contributions with Mr. Sanchez. I think what came up was his background in terms of his activities with the Democratic Party.

Senator MONTTOYA. Tell me about Ed Pena, why were some people anxious to get him fired?

Mr. MARUMOTO. He was just vocally expressing antiadministration sentiments.

Senator MONTTOYA. Did the White House have a policy of doing that to every employee in the Government who was against the President?

Mr. MARUMOTO. No, sir.

Senator MONTTOYA. Why did you pick on Mr. Pena?

Mr. MARUMOTO. I guess he was the most visible.

Senator MONTTOYA. Do you know whether or not Mr. Pena has been told that he was on the White House list to be fired by the new EEOC chairman?

Mr. MARUMOTO. No, sir, I believe that matter has been long dropped.

Senator MONTTOYA. Do you know whether anything else has?

Mr. MARUMOTO. No, sir.

Senator MONTTOYA. Do you know whether Mr. Tom Robles has? Do you know Mr. Tom Robles?

Mr. MARUMOTO. I don't recall meeting him, sir.

Senator MONTTOYA. This is one of the regional directors in the Albuquerque office.

Do you know whether they have been told?

Mr. MARUMOTO. I don't know, sir.

Senator MONTTOYA. How many grants have you procured through your setup at the White House since November?

Mr. MARUMOTO. November of last year.

Senator MONTTOYA. Of last year?

Mr. MARUMOTO. I don't recall, sir.

Senator MONTTOYA. Do you mean you forgot, since November, about cooperating with these people?

Mr. MARUMOTO. We haven't had a list, sir.

Senator MONTTOYA. Did you make any effort to obtain any grants for these people?

Mr. MARUMOTO. Let me just explain that the day after the election, I went back into Fred Malek's operation in terms of executive recruiting for positions, so I was out of the responsibility for Spanish-speaking. There was a gap there when my responsibilities and Mr. Finch's responsibilities were transferred to Anne Armstrong who is now counselor to the President, so I was really out of that responsibility.

Senator MONTTOYA. And did you leave any memorandums with him, with the moral responsibilities you had in view of the assurances that these people were given to file applications and their applications would be considered?

Mr. MARUMOTO. When Mrs. Armstrong came on the staff and was somewhat settled, I gave her a briefing on what we were doing in the Spanish-speaking area and gave her all of our files.

Senator MONTTOYA. You don't know what has been done since?

Mr. MARUMOTO. No, sir.

Senator MONTTOYA. Now, you mentioned that the National Hispanic Finance Committee had solicited some campaign funds and that you had, and that it had realized collection of contributions in the total amount of \$400,000. Now, what happened to these contributions?

Mr. MARUMOTO. Those contributions are recorded with the national finance committee, sir.

Senator MONTTOYA. And were any of these contributions from the contractors which received benefits from the administration?

Mr. MARUMOTO. I am sure that some of them are included. On the other hand, already a number of other individuals who were able to make a contribution did so through that committee.

Senator MONTOKA. Now, you mentioned in the testimony which you presented in executive session to the committee staff that the responsiveness group—that is what you called your group, was it not?

Mr. MARUMOTO. That was not our group, sir.

Senator MONTOKA. Which was the responsiveness group?

Mr. MARUMOTO. They were another part of the White House operation that was initially under Mr. Malek and I believe under Dan Kingsley. There were four or five individuals.

Senator MONTOKA. Will you mention that group? Who were they?

Mr. MARUMOTO. Stan Anderson, Frank Herringer, Rob Davison, Jerry Jones, and Dan Kingsley now. I also mentioned in executive session the other day that I was not quite sure about the overlap there and I could have left out one or two people. We have had some changes because some of them went over to the campaign staff.

Senator MONTOKA. Did you mention the names of contractors or grantees to any particular finance group yourself?

Mr. MARUMOTO. From time to time, I had discussions with particularly Mr. Fernandez, who was the chairman of that committee, in terms of high-level appointments, in terms of some of the contractors. There was no formal arrangement there. He never asked me for a list, nor did I give him one. There were also discussions in other areas affecting the Spanish speaking.

Senator MONTOKA. Well, there was a desire on the part of the people in the White House, including those in the responsiveness group, to try to get some contributions from these people who had received contracts or grants, was there not?

Mr. MARUMOTO. On the part of the White House?

Senator MONTOKA. On the part of the responsiveness group in the White House?

Mr. MARUMOTO. No, sir.

Senator MONTOKA. Did you not testify in executive session as follows:

In turn, the responsiveness group would encourage the persons applying for a grant or contract to give political contributions directly to the National Hispanic Finance Committee.

Mr. MARUMOTO. Sir, I do not recall making that statement, but I do not believe any of the responsiveness group people knew any of these contractors directly.

Senator MONTOKA. Did you not also state that in addition, they were encouraged to contact friends and solicit other contributions?

Mr. MARUMOTO. I do not recall that I said that.

Senator MONTOKA. That is part of the written summary that I have here before me.

What did you state to the staff in your interview?

Mr. TREADWELL. Senator, we would like to refresh our recollection of our testimony in that executive session with notes that we made. Then perhaps we can be more directly responsive to those questions.

Senator MONTOKA. All right, you may do so.

Mr. TREADWELL. Also, is it possible that we can have from the staff a copy of that summary? That might be helpful.

Senator MONTÓYA. It appears on page 11. I was quoting verbatim from the summary.

Mr. DASH. Mr. Marumoto, I think it is the last paragraph on the first page that I think is relevant.

Mr. MARUMOTO. Senator, I do not recall this wording in the last two sentences of the last paragraph on page 1:

In turn, the responsiveness group would encourage the persons applying for a grant or contract to give contributions directly to the National Hispanic Finance Committee. In addition, they were encouraged to contact friends and solicit other contributions.

I do not recall saying that in the executive session. First of all, I think the earlier responsiveness group staff members did not have any direct contact with the applicant.

Senator MONTÓYA. What did you state, then?

Mr. MARUMOTO. I cannot get this in the proper perspective, because we are talking about two or three things here.

Senator MONTÓYA. Let me turn you over to the next page, second paragraph of the witness summary:

Marumoto stated that when a Spanish-speaking firm received a grant or contract, Mr. Ben Fernandez, chairman of the National Hispanic Finance Committee, was then notified so that this company could be solicited for political contributions. Generally, Tony Rodriguez would coordinate these activities with Mr. Fernandez.

Did you make that statement to the committee?

Mr. MARUMOTO. I think that statement is a little strong, Senator, in that I did not say we notified Mr. Fernandez.

Senator MONTÓYA. What did you state? We have a transcript, but it is not available at the present time.

Mr. MARUMOTO. It is not verbatim. That is why I say it seems to be thrown out of context in terms of these last two questions you are asking me.

Senator MONTÓYA. Well, what is your version of it?

Mr. MARUMOTO. As I indicated a little earlier, I had periodic contact with Mr. Fernandez on a number of matters pertaining to the Spanish-speaking, but I did not officially notify him of any contracts or grants that any firm got.

I believe we talked very informally about it; we did not even discuss the amounts. It was just a matter of principle that another Spanish-speaking firm got a contract.

Senator MONTÓYA. Now, on the last page of the memorandum, or the witness summary, it is stated by the staff who wrote this memorandum:

According to Marumoto, his activities in the White House during 1972 were approximately 75-percent campaign related. Rodriguez, according to Marumoto, spent even more time in relation to campaign activities. Exhibit No. 262-12, paragraph 23, portrays Rodriguez meeting with potential contributors from Miami. The same exhibit, paragraph 13, indicates contact between Marumoto and Ben Fernandez, chairman of the National Hispanic Finance Committee.

Is that a correct statement or summary?

Mr. MARUMOTO. It has the general thrust of what I stated, sir.

Senator MONTÓYA. Well, you did discuss contributions with Mr. Fernandez and the role of the—

Mr. MARUMOTO. We did not discuss contributions, sir.

Senator MONTÓYA. Did you inform him as to who had received contracts and grants?

Mr. MARUMOTO. From time to time, we had that kind of discussion; yes, sir.

Senator MONTÓYA. Why did you furnish those names to Mr. Fernandez? What did you have in mind?

Mr. MARUMOTO. I did not have anything in mind, except that he came abreast of some of the accomplishments that we were making in the administration.

Senator MONTÓYA. Oh, I understand. I think that explains the whole thing. Thank you.

Mr. TREADWELL. Mr. Chairman, may we make a point about the summary of the witness' statement in executive session?

Senator BAKER. Please proceed.

Mr. TREADWELL. This statement is much stronger than what we recollect having said—the witness having said in the executive session—and it is not consistent with notes that I made at the time of that session. I have 16 pages of notes here and in those, 1 or 2 instances of disagreement. I find nothing in my notes to support this summary statement.

Furthermore, I would like to say that we requested in writing, in a letter to Mr. Hershman of the staff, and also orally to Mr. Dorsen, that we receive a copy of this summary and we probably could have objected or made our position clear at that time and eliminated this confusion. But I can see there is going to be some disagreement over this, and we would just like to make our position on it.

Senator BAKER. The Chair would say that it is the Chair's understanding that the interview was not taken verbatim as a transcript and that the summary—

Mr. DASH. Mr. Chairman, it was not an executive session, it was an informal interview. The summary, by the way, is not a matter of record, it is not introduced in evidence, and it is used as an aid—

Senator BAKER. I was about to say, Mr. Dash, that if it was not taken under oath and was not a verbatim transcript in the nature of an executive session, the memorandum really is for use by the committee.

Mr. DASH. It is a staff aid.

Senator BAKER. And the chairman would point out that the testimony of the witness is the evidence on which the committee will proceed and not the unsworn summary of the staff.

Now, that is in no way a criticism of the staff. There are obvious disagreements when someone tries to summarize an interview. But that is not evidence and it will not be received as evidence by the committee, but rather, the sworn testimony of this witness before the committee.

Senator MONTÓYA. Well, Mr. Chairman, if I may be permitted to say this, the summary can be used to try to develop a recollection on the part of the witness. That was my purpose in doing so.

Senator BAKER. The Chair has not tried to exclude the questions that Senator Montoya put. He may ask any question based on the staff summary that he wishes. The statement that the Chair made in no wise tries to exclude the questions that Senator Montoya put. The burden of my remarks was to the effect that the sworn testimony, as distinguished from the staff summary, is the record on which the committee will base its future findings of fact and conclusions.

Senator MONTAÑA. If the chairman will further permit me to say this, in view of the motive that permeates the planning and the blueprint of this mission and the testimony of the witness, I feel very much obligated to comment on the incredible insult that the administration has perpetrated on the Spanish-speaking people of this country by this blatant attempt to buy the Spanish-speaking voters. They are not for sale in this country. There was a concerted effort to try to convince them that there was money in the trough if they just lined up, and the Spanish-speaking people of this country are not that kind of voter.

Senator BAKER. The Chair thanks the Senator for the statement and suspects that there may be varied interpretations of the same facts.

Senator Weicker.

Senator WEICKER. Thank you, Mr. Chairman. I only have one question of Mr. Marumoto and I am going to comment on this entire line of questioning for a few minutes.

Do I understand—I arrived late at the hearings this morning, Mr. Marumoto. Did you read your statement, which I have in printed form here—make the statement under oath before the committee?

Mr. MARUMOTO. Yes, sir.

Senator WEICKER. In that statement, you have there—

Furthermore, may I also state categorically and clearly here and now for public record that at no time did I ever involve myself in illegal or unethical activities or even engage in what could be called political dirty tricks.

Did you make that statement under oath to the committee?

Mr. MARUMOTO. Absolutely, sir.

Senator WEICKER. Mr. Chairman, I have sat here this morning and tried to assimilate the lines of questioning and responses to that questioning. I have had a great deal of difficulty in understanding exactly what it is that is going on in relation to the mandate of this committee. If I didn't feel that it would endanger our achieving our goal in this committee, I would probably keep quiet. But I think there is a great danger here where, in effect, what you are doing is, you are blending legitimate actions on the part of Government with the illegal and unconstitutional and what all of us would consider the gross.

I think it is important to point out that ours is a political system. Nobody has ever tried to advertise it as anything other than that. That doesn't mean that political goals are necessarily dissimilar from national goals. The fact is that the way the Nation as a whole, individuals and groups within that Nation, achieve their aspirations is through the political processes, regardless of the fact whether it is through the Democratic Party or the Republican Party which pays attention to what those needs happen to be.

As we went through the summer months, we heard of the types of actions which no political party should engage in. There is not point in reciting the long list of wrongdoing which would fall into any one of the categories I have mentioned before. They have no place on the American scene. But rather than hide from the word "politics," rather than give it a kind of connotation which indicates that it is akin to illegal, I would point out that the more politics we have, the better, insofar as politics standing for accountability, and if something is done right by the Republicans, that is fine; if something is done wrong by the Republicans—some Republicans, some individuals, certainly have been proven to do that during the course of these hearings—then

we are to be held accountable, or they are to be held accountable. The same holds true for the Democratic Party. So, I worry when I hear about the legitimate functions of a Government being thrown into the same pot with what has been brought before the committee here before.

Let's face up to it, in all deferences to Senator Montoya, who certainly, I think, is one of the finest Members of the U.S. Senate, and certainly whose State is—rather, his own life has been involved with furthering the lot of the Spanish American in the country. But the fact is, the plain, cold, hard, political fact is, that the Spanish American was left out in the cold and has been for a long time insofar as the national scene is concerned. If anything, I suppose I should be standing up and cheering, because I am the one who has been needling my party for year after year, will you please try to get the blacks into the Republican Party, will you try to get the urban dwellers into the Republican Party, will you try to get labor into the Republican Party. And we did nothing. That is the reason why we are the minority party. So here we finally try to make an effort on behalf of a segment of our American population who have been shortchanged, and I can attest to that, at least in my own State of Connecticut—very much shortchanged.

This isn't a question of what we have heard prior to this hearing of trying to tear down some segment of our population. Here we were; through the political processes, trying to recognize a group that had been left out. And very frankly, that type of plus effort is entirely different from the effort which categorized certain people as enemies and literally tried to cut them off because they disagreed or whatever happened.

I object very strenuously, unless there are specific allegations of illegal activities, unconstitutional activities, gross activities. All that is being alleged here is what goes on has gone on and legitimately gone on in this Government for decades. Why in heaven's name do you think that the Democratic Party became the majority party? It is just these types of efforts that we are talking about right here being applied to other disadvantaged groups throughout the United States. That is why they are the majority party.

I see here, as has the committee, an example of holding a hand out to a particular group that I very much think still needs our very special care, and I would hope, quite frankly, that maybe we would score some points in a political sense, just as we lose points when the other matters that have been raised before the committee come to the attention of the American people.

All things being equal, I think there is no question about the fact that the administration, any administration, Democratic or Republican, has the right to take credit for its concentration of effort and its attitudes toward any segment of our national life, and certainly, I think any administration is entitled to its own team.

So, I think it important to lay out, so that we don't try to establish ideas, that the American people look to this committee to give an accurate picture of American politics and what it consisted of. This is the legitimate type of activity that has been going on for a long time in this country and is responsible for many who would still be standing outside the door having been brought into the system and sharing in political power, which I think is so important to each one of us. That

point I want made, so again, the American people will have an accurate picture of politics.

I also want the point made that this, in nowise, in my mind—and I am only one man on this committee—does this fall into the same category of matters which we have heretofore heard? Because if you say it does, then it diminishes the importance in the minds of the people in this country of the illegal and unconstitutional acts that did occur. They are bad. They are wrong, and we throw business like this in and the American people say, well, maybe really all of it was not so bad and it was not important. What I have heard up to this point, anyway, was very important and it hopefully will register in people's minds as such.

On the other hand, to go ahead in what I consider to be a strictly political exercise and condemn these types of efforts—I go, mind you, on the testimony of this witness. He has sworn under oath that he did not engage in illegal or unethical activities. He understands what it is to go ahead and promise governmental positions or governmental contracts or whatever for money; that is illegal. He says, I haven't done that.

As I said, I only raise these points because I think it is necessary to put the testimony in the proper context. I am very much worried, as I say, as to the effects of what will happen on what we have heard insofar as what has gone on before and also, I think the U.S. people should have an accurate picture of what goes on in politics. And I think the people of this country ought to understand that politics is not something dirty. There is a way each of us achieves our aspirations. I would hope the Republican Party would make more efforts in the directions of many more people and groups throughout this country to try to get us to be the majority party.

I don't know, I just had to get that off my chest, Mr. Chairman. That is about all I have to say.

Senator BAKER. Thank you very much, Senator Weicker.

Before I recognize chief counsel for the committee, I want to announce two things: One, that the hour of 12:30 p.m. has arrived and shortly, we will recess for lunch.

Second, I want to say that speaking as a member of the committee and not in my capacity as vice chairman, I want to commend Senator Weicker for a perceptive and, I think, very, very useful analysis of the essence of politics. I have often taken the position that there is an obligation to seek the votes and the support of every segment of society, no matter how small the prospects of success may be. It has often been the situation in politics in my State where, in the case of the black vote, some say, well, they are beyond the reach of the Republican Party. They aren't. I have received a great number of black votes. But the important thing is the prospects of success are not the guiding factor. The responsibility of a political party is to try to speak for all of the people and to exclude no one.

In that philosophical vein, I especially want to commend Senator Weicker for his contribution and to associate myself fully with his appraisal.

Mr. DASH. Just a brief comment, Mr. Chairman. I don't think it is appropriate for me at this time to interpret the evidence. As I think we have said from time to time, it will be the duty of the committee to listen to the evidence, observe it, read the documents and evaluate them. I just want to make an observation.

Perhaps Senator Weicker did not have an opportunity to hear all of the testimony or read the documents. The brunt of the inquiry was not whether or not the administration sought to give grants to a minority group, but whether or not certain members of that minority group were made enemies. Senator Weicker, an enemies group was that if you were not in favor of the administration, you were cut off. If you were getting grants, you were dismissed as a potential grantee. You were graduated out of a particular program which was meant for you as a disadvantaged person. And only if you supported the administration, either by financial contributions or assistance, were you in the program. Therefore, Senator Weicker, this was not a program, as we brought out with the documents and in the evidence, one between minorities against nonminorities but discrimination within a minority group, within Spanish-speaking American people, perfectly competent. I think the witness has testified that perfectly competent Spanish-speaking contractors were dropped from grants because they would not support the administration or give contributions and those who were preferred were those who were supportive. The question of whether or not that is proper politics—

Senator WEICKER. Wait a minute, Counselor. If you are making that allegation, that is an illegal act.

Mr. DASH. He has testified under oath that Mr. Sanchez—

Senator WEICKER. That he has solicited contributions?

Mr. DASH. No; I didn't say he solicited contributions; that Mr. Sanchez was recommended by many to be dropped from all grants because he was not supportive of the administration. He testified in direct testimony to a question by me and he always answered as to other memorandums that the politics—and I don't believe, Senator Weicker, that you said that American politics guides and controls how our individual agencies that receive appropriations from congressional committees is spent for the interest of the people—the taxpayers are all the people—that those moneys are only to be given to those grantees who pledge themselves to a particular administration and that competent persons who are from the same minority group who refused to pledge themselves for a particular administration are dropped and dropped brutally. This is the evidence.

Senator BAKER. The Chair would say that I believe it is appropriate for counsel to confer and advise with members of the committee, but I do not think it is appropriate to get into a long, extended argument about the fair intendment of the testimony. The record will speak for itself.

I thank the chief counsel for making his remarks. I think the time has come to recess and the committee will recess until 2 o'clock.

[Whereupon, at 12:35 p.m., the committee recessed, to reconvene at 2 p.m., the same day.]

AFTERNOON SESSION, WEDNESDAY, NOVEMBER 7, 1973

Senator BAKER. The committee will come to order.

The chairman is occupied with an executive session of the Government Operations Committee and will return to these hearings shortly.

Senator Inouye.

Senator INOUE. Thank you very much.

Mr. Marumoto, I recall in response to Mr. Dash's inquiry on the SER grant, I believe of about \$18 or \$20 million, you responded that the Department of Labor did provide this grant.

Mr. MARUMOTO. Yes, sir.

Senator INOUE. And this, I believe, was approved on October 11, 1972 or thereabouts?

Mr. MARUMOTO. I do not recall the date, sir.

Senator INOUE. I was made to understand that the national president of LULAC and the American GI Forum, the most prominent organizations of Spanish-speaking people, were invited to San Clemente for a special contract-signing ceremony and reception with the Secretary of Labor; is that correct, sir?

Mr. MARUMOTO. I believe that is, sir. I was not there, but if I recall, there was a ceremony there with just Secretary Hodgson. The President was not there.

Senator INOUE. Can you tell us what has happened to this grant since election day?

Mr. MARUMOTO. That, I do not know. As I indicated just before our break. I changed over from the wearing of my Spanish-speaking hat to my executive hat that day after the election, so I was really out of the mainstream of Spanish-speaking capacity.

Senator INOUE. I believe the SER received notification in early January, I believe the first week in January, that the funds had been frozen. Were you aware that this was about to happen?

Mr. MARUMOTO. No, sir.

Senator INOUE. At the present time, I think most of the funds have been frozen and I just want to know if you were aware of this possibility of the freeze?

Mr. MARUMOTO. There could be such a freeze, sir, but I do not recall; I was not involved in that aspect. I really got completely out of the Spanish-speaking and I did not keep up with the activities that were going on at this time.

Senator INOUE. Are you convinced that this granting was on good faith?

Mr. MARUMOTO. Definitely.

Senator INOUE. That the freeze was not anticipated?

Mr. MARUMOTO. Not to my knowledge, sir.

Senator INOUE. Just for clarification, sir, are you presently on the White House staff?

Mr. MARUMOTO. No; I resigned at the end of August and now am president of a firm that is headquartered here in Washington with offices in Los Angeles, and we are specializing in East-West trade.

Senator INOUE. The AP at the time of your resignation quoted you, and attributed words to you which are quite different from your statement. Were you properly quoted?

Mr. MARUMOTO. I recall that particular AP release about the first of September, Senator, and that particular reporter quoted me out of context on a number of occasions there, although I thought we had a clear understanding. What I said this morning is how I feel about what the President did in the Spanish-speaking area during the past 4 years.

Senator INOUE. So you are stating that the AP quotation to the effect that you were disappointed that the whole program has eroded to practically nothing was not a proper quotation?

Mr. MARUMOTO. That is right. I did say I was disappointed since it slowed down temporarily because we were having a change of the guard; Mr. Finch and I were getting out of the Spanish-speaking area and Anne Armstrong was coming on. There was some slack time there. So there was a period when things were a little slow. But I did not approach that in any negative fashion.

Senator INOUE. I have a final question, sir. Section 3 and section 4 of the Hatch Act—section 3 makes it a misdemeanor to promise employment or other benefit or consideration for a political activity or for the support of or opposition to any candidate or any political party in connection with any primary or general or special election.

Do you believe that any one of you in the special task force may have been violating this provision?

Mr. MARUMOTO [conferring with counsel]. Not that I know of, Senator.

Senator INOUE. Section 4 makes it a misdemeanor to deprive another of any employment, position, work, or other Federal relief benefit on account of race, creed, color, or any political activity or opposition to any candidate or any political party in any election. Do you believe that any one of the members of the special task force may have been operating in violation of this section?

Mr. MARUMOTO. I don't recall. I don't think so.

Senator INOUE. I believe that technically you would be exempted from this because your pay, I believe, came from the White House—Presidential account.

Mr. MARUMOTO. That is right.

Senator INOUE. But if I recall your testimony, there were those in your task force who were from other departments.

Mr. MARUMOTO. No; well, Mr. Ramirez was chairman of the cabinet committee and is exempted from the Hatch Act as an appointee of the President, confirmed by the Senate. Armendariz was on the staff of the campaign committee; Conde was on the White House rolls, and—I take that back, Rodriguez was detailed to us from the State Department, and paid by them. Excuse me.

Senator INOUE. Were all of you made aware of these provisions of the Hatch Act before proceeding in your activities?

Mr. MARUMOTO. I don't recall any discussions there except I recall the counsel for the President sent a memorandum to Mr. Colson saying that I was exempted from the Hatch Act.

Senator INOUE. Section 5 of the Hatch Act makes it unlawful to solicit funds for political purposes from any person known to be receiving any benefit provided for or made possible by any act of Congress appropriating funds.

Do you believe that any one of you in the Spanish-speaking endeavor may have been in violation of this section?

Mr. MARUMOTO. No, sir.

Senator INOUE. And it is your testimony that you did not involve yourself in fundraising activities?

Mr. MARUMOTO. I was involved in fundraising activities in terms of speaking at various dinners and banquets, but not in terms of actually soliciting funds from any individual or organization.

Senator INOUE. Senator Montoya referred to a paragraph which appears in the summary which suggested that it was some practice on the part of your office to immediately notify Mr. Fernandez of the Hispanic Finance Committee of a grant or some personnel appointments so that this committee could then solicit funds. I was not quite clear as to your response.

Mr. MARUMOTO. I also pointed out that I didn't think that the person transcribed that quite accurately—what I was trying to articulate at the meeting yesterday. I did have discussions with Mr. Fernandez from time to time in terms of those who have gotten contracts from those who, I feel, were outside of the Government arena but were doing quite well and that they could participate in this program.

Senator INOUE. Were you aware that Mr. Fernandez was going to seek contributions from these people?

Mr. MARUMOTO. I would assume that he was going to; yes, sir.

Senator INOUE. And it was on this assumption that you submitted these names?

Mr. MARUMOTO. I didn't submit the names. These were in our discussions on the telephone or whenever—

Senator INOUE. It was not a standard procedure?

Mr. MARUMOTO. No, sir.

Senator INOUE. And it is your testimony that, to the best of your knowledge, at least not knowingly did you involve yourself in any activity which would be in violation of the laws of the United States.

Mr. MARUMOTO. That is correct.

Senator INOUE. Thank you very much, sir.

Senator BAKER. Senator Talmadge.

Senator TALMADGE. Mr. Marumoto—is that correct?

Mr. MARUMOTO. That is close enough.

Senator TALMADGE. Who is the present director of OMBE?

Mr. MARUMOTO. Alexander Armendariz.

Senator TALMADGE. What was his former position?

Mr. MARUMOTO. He was director for the Spanish-speaking division at the Committee To Re-Elect the President.

Senator TALMADGE. So the present director of OMBE was part of the influence group bringing pressure on Spanish speaking—

Mr. MARUMOTO. He was heading up the effort there in that campaign; yes.

Senator TALMADGE. What was Charles Colson's role in your operation?

Mr. MARUMOTO. He was my immediate supervisor, because he was in charge of all special interest efforts during 1972.

Senator TALMADGE. In your opening testimony, you expressed the view that this administration set out to do something about meeting the needs of the Spanish-speaking people. That is a very commendable thing. But would it not be more accurate to say, from the testimony that has been elicited here today, particularly with Armendariz, that the administration was more interested in meeting the needs of the Spanish-speaking people who were in a position to reelect the President or help to reelect him?

Mr. MARUMOTO. I am sure that was part of it, Senator. On the other hand, I feel very strongly that those who were also involved in this effort—that this was a sincere effort on the part of the administration to do something for the Spanish speaking that has never been done before.

Senator TALMADGE. But the whole operation was designed to aid those who helped in the election effort, was it not?

Mr. MARUMOTO. Excuse me?

Senator TALMADGE. The whole operation was designed to aid those who helped in the election effort, was it not?

Mr. MARUMOTO. No, sir.

Senator TALMADGE. Did you not give favoritism to those who helped in the election?

Mr. MARUMOTO. No.

Senator TALMADGE. And denied favoritism to those who did not?

Mr. MARUMOTO. I am sure there were some who got some assistance, but I do not think we can generalize, Senator.

Senator TALMADGE. Did you not solicit campaign contributions from those who got contracts?

Mr. MARUMOTO. I did not; no, sir.

Senator TALMADGE. Someone else did?

Mr. MARUMOTO. The National Hispanic Finance Committee may have; yes.

Senator TALMADGE. The whole effort was coordinated, was it not?

Mr. MARUMOTO. No; it was a very informal arrangement, sir.

Senator TALMADGE. I believe some of these tabs indicate that some were solicited even before they got the contract.

Mr. MARUMOTO. I do not recall that.

Senator TALMADGE. Several memorandums that I have had an opportunity to thumb through here indicate that.

Now, exhibit 262-48—would you take a look at that? It shows a memorandum and attached letter. Paragraph 3 of the letter mentions an Executive pardon for Mr. Tijerina. Do you know anything about this letter or the subject matter of it?

Mr. MARUMOTO. The first time I saw this, Senator, was last night, when Mr. Dash's committee presented this whole briefing; but I am not familiar with what transpired last August 1972.

Senator TALMADGE. He was under Federal sentence at the time, was he not?

Mr. MARUMOTO. Pardon me?

Senator TALMADGE. He was under Federal sentence at the time, was he not?

Mr. MARUMOTO. I do not recall, sir.

Senator TALMADGE. Do you know Mr. Tijerina?

Mr. MARUMOTO. I recall him but I do not remember having a discussion of this with anybody.

Senator TALMADGE. Has it not been prominently discussed in the news media?

Mr. MARUMOTO. It could have been.

Senator TALMADGE. You still are not familiar with him?

Mr. MARUMOTO. Let me explain my role—why I cannot recollect some of these things. I used to get into the office at 6:30 every morning and probably put in over 14 to 16 hours a day, made or received

probably over a hundred phone calls a day, saw a number of people, either in meetings or just informal discussions. So I had to delegate a lot of my work out to Mr. Rodriguez, Mr. Conde—relied on others, not only in our task force but throughout the White House and other Government agencies and departments. So even though a particular item might come up, they had the responsibility to get whatever had to be accomplished, done. I, therefore, did not always know the details.

Senator TALMADGE. You were working with Mr. Armendariz, were you not?

Mr. MARUMOTO. We were working closely; yes.

Senator TALMADGE. And also Mr. Henry Ramirez?

Mr. MARUMOTO. Yes, sir.

Senator TALMADGE. I call your attention to this exhibit No. 262-48 dated August 29, 1972. The letter from Mr. Henry Ramirez to Mr. Armendariz. Subject, "Attached letter to Mr. Tijerina." [Reading:]

Please see attached letter with specific reference to the third paragraph. Mr. Tijerina indicated that he would work for us in return for due considerations.

I await your recommendations, if you want me to move on this matter.

Now, I call your attention to the third paragraph thereof. It is signed by Mr. Tijerina. I am not sure I have that pronunciation correct.

I am very glad that I got to know you. I also want to make it very clear that I am very thankful for what you mentioned to me in your office concerning my probation, parole, and the possibility of a full Executive pardon. As I said it before while I was in your office, I want to repeat in writing most of the Spanish-speaking people in the United States would feel grateful if an Executive pardon would be granted.

Are you familiar with that instance?

Mr. MARUMOTO. No, sir.

Senator TALMADGE. You know nothing whatever about it?

Mr. MARUMOTO. No, sir.

Senator TALMADGE. Now, to summarize your testimony, isn't it true that a Spanish-speaking cabinet committee and Spanish-American appointed officials were used in conjunction with the Hispanic Finance Committee to bring in campaign funds for the election of the President?

Mr. MARUMOTO. No, sir. That is not true, sir. There was a difference of responsibilities there. The only people that were raising funds for the President's reelection was the National Hispanic Finance Committee as it applies to the Spanish-speaking areas.

Senator TALMADGE. Now, you testified, in effect, that Spanish-speaking persons and corporations which did not help us—that is, the administration—lost out to those who did in grants and other benefits. It seems to me from listening to your testimony that the administration was granting a lot of money in return for campaign funds in contracts that didn't necessarily serve the public interest. They weren't necessarily the best qualified recipients, were they?

Mr. MARUMOTO. I disagree with several points that you brought up, Senator.

Senator TALMADGE. You identified a number of documents this morning that Mr. Sam Dash interrogated you about. The purport of those documents was without exception to help those people who were active in the campaign and to deny benefits to those who were inactive in the campaign. Is that not correct?

Mr. MARUMOTO. No, sir. There were a few of those firms that were active in the campaign, but there were other firms that were not necessarily active in the campaign. They were fully qualified to receive a Government contract or grant to do some work for the Federal Government.

Senator TALMADGE. There was one firm in three different memorandums where you pursued it for 3 weeks to get \$18 million for a Washington firm. Which one was that?

Mr. MARUMOTO. SER, S-E-R.

Senator TALMADGE. Did they contribute to the campaign funds?

Mr. MARUMOTO. Not that I know of. I don't think the people in that particular organization were foolish enough to do that. In the first place, they were a nonprofit organization that addresses itself to manpower training.

Senator TALMADGE. You testified in your opening statement that you did nothing illegal, unethical, or improper in your activities at the White House in 1972. Exhibit No. 262-44, if you will look at it, shows a series of letters and correspondence referring to Judge Alfred Hernandez. You wrote a letter on June 12, 1972, to Judge Hernandez, stating: "I want to emphasize that if you implement your plans as are discussed, the President will adequately recognize you."

A month later, you wrote a memorandum on August 18 stating: "If any vacancies come up for the Federal bench in Texas, 1701 and our operation would like to see Judge Hernandez appointed."

You further state in that letter: "It would be a real coup if we could appoint him."

Judge Hernandez headed the Spanish-speaking Democrats for the President, did he not?

Mr. MARUMOTO. That is right, sir.

Senator TALMADGE. Was not Judge Hernandez offered a Federal judgeship or some other high position in the administration in return for his accepting a position as chairman of the Spanish-speaking Democrats for the President?

Mr. MARUMOTO. Senator, as I recall the discussions that we had with Judge Hernandez at the time, we explored the possibilities of the judge joining the administration because he was so well known in the Mexican-American community. At no time do I recall anyone promising or offering Judge Hernandez a position. However, sometime after the election, there was a vacancy on the Consumer Safety Products Commission where the President wanted to appoint someone of Spanish-speaking extraction and his name came up. I believe he was in for one or two interviews and offered a position, which he turned down.

Senator TALMADGE. Can you identify the documents referred to under exhibit No. 262-44? One is a memorandum to Mr. John Clarke, dated August 18, 1972, from you. Subject: Judge Alfred Hernandez.

Another letter that follows is dated June 8, 1972; another letter dated June 12, 1972, from you to Judge Hernandez. You admit the authenticity of these copies?

Mr. MARUMOTO. Yes, sir.

Senator TALMADGE. If they haven't been inserted in the record, Mr. Chairman, I ask unanimous consent that they be appropriately identified and inserted at this point.

Senator BAKER. The documents will all be made part of the record as a group when we have discussed them further.

Senator TALMADGE. Were you not aware of the provision of title 18, section 600, of the United States Code that makes it a crime to promise Federal employment or other benefits under consideration for political support for a candidate or political party?

Mr. MARUMOTO. Yes, sir.

Senator TALMADGE. Isn't that the indication of these documents that I have just shown you?

Mr. MARUMOTO. One moment, sir.

I would like to reemphasize that there was no promise or no offer whatsoever to Judge Hernandez about a Federal judgeship.

Senator TALMADGE. The letters speak for themselves. But I understood that you made a specific pledge that he would be appropriately recognized.

Mr. MARUMOTO. That is right.

Senator TALMADGE. And shortly thereafter, you recommended him for a Federal judgeship.

Now, you denied that any moneys or grants were made available either to aid the campaign or to thwart the efforts. You did campaign, did you not?

Mr. MARUMOTO. Yes, sir.

Senator TALMADGE. Now, look at exhibit No. 262-36 entitled "Administrative Confidential," dated July 19, 1972. Memorandum for Rob Davison from Bill Marumoto. "Subject: Development Associates."

Can you identify that as your memo?

Mr. MARUMOTO. Yes, sir.

Senator TALMADGE. I read further:

Development Associates headed up by Leveo Sanchez, is a Washington-based consulting firm which has been funded for from \$1 to \$2 million by our Administration.

Sanchez, prior to the formation of this firm, was regional Director of OEO under Sargent Shriver and prior to that, with the Peace Corps, working for Mr. Frank Mankiewicz—one of McGovern's campaign cochairmen—and Jack Vaughn.

Most recently he was awarded a 5-year grant for \$722,383 from HEW to evaluate an experimental school program, and he also received an 8a SBA contract for over \$200,000 to evaluate bilingual education programs in the United States. It also appears he will be obtaining a \$30,000 grant from HUD, Region IX, relatively soon. In addition, he is presently under consideration at the Department of Labor for a \$70,000 grant.

This is a classic example of a firm not necessarily on our team which is making a comfortable living off of us. These are grants that we are aware of which indicate there may have been a few others.

I would recommend if it is not too late, we stop the proposals at DOL and HUD.

Do you still swear that you didn't make any effort to penalize the people that weren't on your political team?

Mr. MARUMOTO. This is an opinion of mine, Senator, that I passed on to a member of our responsiveness group and they in turn contacted the Small Business Administration. Technically, he had reached his goal, his dollar goal, where he could have been graduated on his own.

Senator TALMADGE. What was the responsiveness group?

Mr. MARUMOTO. As I explained this morning, this was a group of four or five gentlemen who initially were under the leadership of Mr.

Malek and later under the leadership of Dan Kingsley, who were responsible to and working with various special interest groups under Mr. Colson's operation as well as our personnel operation to make sure that the various departments and agencies were responsive to requests that went to them from the White House on personnel matters, publicity, public relations, and grants and contracts.

Senator TALMADGE. Simplified, it was a group to take maximum political advantage of public dollars that were awarded in the form of public grants and contracts, was it not?

Mr. MARUMOTO. A system to facilitate some of our requests.

Senator TALMADGE. "Facilitate"—what do you mean by that?

Mr. MARUMOTO. Try to get through the bureaucratic redtape.

Senator TALMADGE. In other words, my statement is correct. It was to maximize the advantage of the American taxpayers' dollars in a political effort, was it not?

Mr. MARUMOTO. Yes.

Senator TALMADGE. Thank you, Mr. Chairman. That is all I have.

Senator BAKER. Thank you very much, Senator Talmadge. I believe that concludes the first round of interrogation of committee members. Are there other questions by committee members? If there are none, are there further questions by the staff?

Mr. DASH. Yes, I just have a few, Mr. Chairman.

Mr. Marumoto, I do not think the record is clear as to exactly what took place on the meeting you had with Mr. Sanchez prior to the writing of your memorandum of July 19, 1972, which is exhibit No. 262-36 and to which the Senator just referred.

Now, do you recall having the meeting with Mr. Sanchez?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Can you, to the best of your recollection, tell the committee what it was that you discussed with Mr. Sanchez at that meeting?

Mr. MARUMOTO. If I recall, the other party that was involved in that meeting at the time was David Wimmer, who was Under Secretary Silberman's aide in the Department of Labor, who had the responsibility on the other side—on the Department side, on this responsiveness program. He and I had lunch in the White House staff dining room and discussed generally a number of things pertaining to Mr. Sanchez' operation.

Mr. DASH. Who initiated the meeting?

Mr. MARUMOTO. I believe I did, sir.

Mr. DASH. And at this time, as this memorandum later shows, you were concerned with Mr. Sanchez' lack of cooperation in support of the administration's very strong memorandum and, as a matter of fact, your testimony this morning, in response to my questions concerning this memorandum, was quite forthright and did not refer to the question of whether it exceeded the dollar limit or not. I ask you very specifically whether or not you were making this recommendation as you show in your memorandum because you felt that this was a contractor "who was living off of us," and was not supporting the administration and you were recommending he be cut off for that reason. Your testimony, as I recall it, was that was the reason that you wrote the memorandum.

Mr. MARUMOTO. That is correct.

Mr. DASH. Now, just prior to your writing that memorandum, you met with him. Was there a discussion with him as to whether or not there was a possibility of his getting any additional grants at that meeting?

Mr. MARUMOTO. There could have well been, sir.

Mr. DASH. Are you aware of the fact that a Labor grant was discussed with him in which he had already received information from the Department of Labor that he had been turned down?

Mr. MARUMOTO. That I do not recall.

Mr. DASH. Did you in good faith really, when you were meeting with him, expect him to be getting any grants?

Mr. MARUMOTO. That was over a year ago, Mr. Dash, and I just really do not recall the details.

Mr. DASH. I know you were asked earlier, questions as to whether you solicited contributions, but that is not my question to you. Was there any effort, after that meeting at least, to enlist his cooperation in support of the administration?

Mr. MARUMOTO. I do not think so.

Mr. DASH. It was just a bychance meeting?

Mr. MARUMOTO. No; it was a meeting that I believe, as I indicated, I initiated; to become acquainted with Mr. Wimmer.

Mr. DASH. That was shortly after—just 2 days after that meeting that you wrote this memorandum?

Mr. MARUMOTO. Right.

Mr. DASH. Is there any relationship between this memorandum written 2 days after that meeting and the meeting?

Mr. MARUMOTO. I am sure there must have been.

Mr. DASH. If you are sure there must have been, can you recall what that relationship may have been or must have been?

Mr. MARUMOTO. I guess it was our impression—not impression, but our decision, that it appeared, from sources outside of our meeting, that he was not going to support the administration so this was a recommendation that we made.

Mr. DASH. Now, were you aware of an organization called the Southwest Council of La Raza?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Did you engage in any discussions with them concerning any grants?

Mr. MARUMOTO. Yes.

Mr. DASH. Could you tell us what discussions you had with them?

Mr. MARUMOTO. The Southwest Council of La Raza is an active Democratic group that I believe was founded in Arizona and now is expanded into the Southwestern States.

Mr. DASH. Were they supportive of the administration?

Mr. MARUMOTO. Well, in some discussions that some of our people had from the campaign staff as well as our staff, there was some discussion about them supporting the President. They, in turn, said they would, provided they could get some Federal contracts.

Mr. DASH. Did you discuss any particular Federal contracts with them?

Mr. MARUMOTO. I believe there were some discussions—I had only one meeting with them, if I recall, and the others picked up on it. I think what finally happened was that the Committee to Re-Elect, the Spanish-speaking division, recommended a strategy for working with

them that they be funded for \$30,000 for a national conference they wanted to hold.

Mr. DASH. What were they actually looking for—what kind of grant?

Mr. MARUMOTO. I believe they were looking for either two or three grants at maybe two or three different departments or agencies.

Mr. DASH. That amounted to approximately how much?

Mr. MARUMOTO. I am sure of six figures, I do not know.

Mr. DASH. Sums were about \$400,000?

Mr. MARUMOTO. It could be more, I do not know the exact figure.

Mr. DASH. What was being offered to them at that time or suggested was \$30,000 for a conference?

Mr. MARUMOTO. Right, with consideration for assistance in a few months.

Mr. DASH. Mr. Marumoto, do you recall discussions we had yesterday, concerning this particular organization and your statement to us, that at no time did you believe they were going to get any grant, but that you were in a sense engaging with them in what has been known as a stroking session?

Mr. MARUMOTO. We were neutralizing them.

Mr. DASH. You were neutralizing them?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. And by holding them at bay, not giving them a grant, but discussing the possibility of a \$30,000 conference grant, this sort of at least held them away from being an opponent if they were not going to be supportive?

Mr. MARUMOTO. That is right.

Mr. DASH. Were you doing the same thing with another organization called La Raza Unida?

Mr. MARUMOTO. I was not involved in those discussions.

Mr. DASH. Will you look at exhibit No. 262-50? Were you aware that this memorandum, that was sent to Mr. Malek from Mr. Armendariz recommending an \$8,000 contribution to the Muniz campaign for the Republican Party, was brought up in a meeting off the convention floor? A promise was made to publicly condemn McGovern if such a donation were made.

Mr. MARUMOTO. As I indicated, in yesterday's meeting was the first time I saw this particular memorandum.

Mr. DASH. If you will look at exhibit No. 262-51, September 14; there was a discussion of Raza Unida Convention, and the concerns over Raza Unida as an organization and you see, on page 2, that you received a copy.

Mr. MARUMOTO. Correct.

Mr. DASH. Do you recall this memorandum?

Mr. MARUMOTO. I vaguely recall it, yes.

Mr. DASH. And is it not the sense of this memorandum that an effort should be made to at least work with them as best possible, with the recognition they may not support the administration but if they could be worked with they might neutralize them?

Mr. MARUMOTO. Correct.

Mr. DASH. As a matter of fact, are you aware that certain grants were made to this organization for that purpose?

Mr. MARUMOTO. Yes; I found out about it, I think, just before election, that they did receive some grants.

Mr. DASH. I think there was an earlier memorandum, Mr. Marumoto, exhibit No. 262-3. Are you aware of this memorandum that is addressed to the Attorney General, which is sort of an action memorandum, and what it says here, if you will turn to page 2:

The report makes detailed recommendations for highly-visual social and economic development projects and for publicizing the same. It suggests heavy exploitation of the Cabinet Committee on Opportunity for Spanish-Speaking Peoples which is now closely allied with Colson's shop and Bill Marumoto on political and public relations questions. It advocates consideration of under-cover funding of La Raza Unida, a splinter party, in exchange for an agreement that La Raza Unida runs Presidential candidates in California and Texas.

Were you aware of this memorandum?

Mr. MARUMOTO. I think I received a copy of this, Mr. Dash, but it has been almost 2 years and I do not recall the details.

Mr. DASH. Do you recall discussions urging or at least encouraging La Raza Unida to support or run Presidential candidates in California and Texas?

Mr. MARUMOTO. In Texas, I don't recall California.

Mr. DASH. Now, it is true, and I think that the record is very clear, that Mr. Armendariz, who was the Committee for the Re-Election of the President liaison with Spanish-speaking Americans in the campaign and therefore playing a political role, did sign off on governmental contracts to Spanish-speaking contractors. That was your testimony this morning.

Mr. MARUMOTO [conferring with counsel]. Let me just perhaps try to explain that. He had input into it. He didn't have authority of course to signoff.

Mr. DASH. He didn't have legal authority.

Mr. MARUMOTO. Right.

Mr. DASH. You said this morning he didn't have legal authority but if he didn't signoff on it—

Mr. MARUMOTO. He had a say in it.

Mr. DASH. In other words, a Department, HEW, HUD, Department of Labor, would not give the grant to any one of the grantees who were asking for it if Mr. Armendariz did not signoff on it?

Mr. MARUMOTO. Not necessarily. In fact even if the White House had not signed off on it, the primary agency didn't have to have that.

Mr. DASH. I am not saying they didn't have to but—

Mr. MARUMOTO. That was the principle.

Mr. DASH. They expected him to signoff on it and generally if he didn't signoff on it, it wasn't granted.

Mr. MARUMOTO. Generally speaking, yes.

Mr. DASH. Therefore it would be fair to say that a very strong outside political influence was introduced in the grant-making process of the various agencies.

Mr. MARUMOTO. Yes.

Mr. DASH. Now, we were talking about organization or whether or not there was any organization, or how loose this was. Will you look at exhibit No. 262-39. First there is a covering memorandum of August 3, 1972, from Alex Armendariz to Mr. Malek with copies to Henry Ramirez, Marumoto, Carlos Conde, Tony Rodriguez, Frank Herlinger, Stan Anderson, SS appointees—Spanish-speaking appointees. Now it says "Attached is the Spanish-speaking organizational chart and phone numbers for your convenience." Attached appears to be

a chart, and the chart shows a line in the middle, which has the Spanish-speaking task force with your name, Marumoto, Ramirez, Conde, Rodriguez, were these White House people?

Mr. MARUMOTO. Just Conde, Rodriguez, Armendariz was over on the committee.

Mr. DASH. Then going over on that line; Armendariz, you have already indicated, was the Committee To Re-Elect the President liaison, and then a line to Fred Malek who, in August, had gone over to the committee, had he not?

Mr. MARUMOTO. I don't recall the exact time he resigned.

Mr. DASH. The record will show that he had, and also Jeb Magruder and Clark MacGregor, so that what this chart shows is the political arm of the campaign, the Committee to Re-Elect the President was working closely with your Spanish-speaking task force in the White House, and it wasn't just a loose relationship. It was actually a charted relationship. Did you receive a copy of this?

Mr. MARUMOTO. Yes.

Mr. DASH. I have no further questions, Mr. Chairman. However, there were one or two of these memorandums which Mr. Marumoto has indicated he had not seen before and cannot identify and adopt as his own. I think most of the memorandums, he either received a copy of or are his own, and I would like those memorandums which Mr. Marumoto has reviewed, or has received a copy of, or which he has been able to identify today, Mr. Chairman, to be identified as exhibits and introduced in the record, and exclude from these memorandums any memorandum which he has not been able to identify or could not indicate he has seen prior to our showing it to him.

Senator BAKER. The Chair understands the request to be that those memorandums which are identified by the witness as his own memorandums or of which he received copies—

Mr. DASH. Yes, sir.

Mr. BAKER [continuing]. Be identified as exhibits and be received in evidence, is that correct?

Mr. DASH. Yes.

Senator BAKER. Is there objection to that request? Without objection, it will be so ordered.

[The documents referred to were marked exhibits Nos. 262-1 through 262-63.* Those exhibits not identified by the witness were numbered as referred to for identification only and are not published but will be retained in committee files.]

Senator BAKER. Are there further questions of the witness?

Mr. Sanders.

Mr. SANDERS. Just one remark, Mr. Chairman; may I have leave of the Chair to insert at a subsequent time in the record relevant extracts from regulations of the Small Business Administration pertaining to the policy behind the award of contracts and grants, and the statutory basis for those regulations?

Senator BAKER. Is there any objection to the request of Mr. Sanders, which I understand that to be that relevant portions of the SBA regulations, and what else?

Mr. SANDERS. And statutory basis for it.

*See p. 5532 through p. 5699. For more detailed description and location of individual exhibits, see contents pp. v-vii.

Senator BAKER. And statutory references may be received as an exhibit.

Mr. DASH. I join in that request, Mr. Chairman.

Senator BAKER. Good. Without objection, so ordered.

[The documents referred to were subsequently received and marked exhibit No. 263.*]

Senator BAKER. Do you have any further questions? I understand Mr. Dash you have other questions.

Mr. DASH. Yes, I am sorry, Mr. Chairman, there is one other item I didn't bring up.

Mr. Marumoto, do you recall having any discussion with persons you were working with concerning the Census Report for 1972?

Mr. MARUMOTO. Yes, I received a phone call from Des Barker who was then Mr. Colson's deputy in the public relations area, and he, in turn, was working with some officials at the U.S. Census Bureau on some publication that was to be released, I believe, some time in 1972. He, in turn, asked me for my advice. I sent that on to Armendariz and Mr. Conde for their suggestion, and I think the way that turned out there was some information that was held back from that report.

Mr. DASH. As a matter of fact, you recommended that some information be held back, did you not?

Mr. MARUMOTO. Yes.

Mr. DASH. Could you tell us—unless you want to refer to the exhibits, 262–31, 262–32, and 262–35. On 32, it is page 3, paragraph 20; on 35, it is page 4, paragraph 12; which together discuss the census material and the sensitive material that you thought ought to be held back.

Do you want to tell the committee in your own words what the problem was and why you felt it should be held back?

Mr. MARUMOTO [conferring with counsel]. I had to recollect some of my ideas at that time. If I recall this particular portion of that particular study showed the Spanish-speaking not doing as well as some other minorities in comparison to the general public.

Mr. DASH. I think the memo spoke specifically to blacks, did it not?

Mr. MARUMOTO. Right, and we didn't want to associate that with this administration and to the incumbent Government.

Mr. DASH. And, therefore, the official census report that was to come out, that originally may have included the relationship between how the Spanish-speaking American community was doing with relationship to another minority such as the blacks, did not include that information at your request, is that correct?

Mr. MARUMOTO. Well, it was my understanding it was a legitimate deletion.

Mr. DASH. At least it was an effort on your part to persuade the census people not to include it, and they did not include it on your request.

Just one final question. I think some mention was made—it is a small amount but I think the record ought to make it clear—there was \$2,000 that you received. I think yesterday when the staff was discussing it with you, that you did say you understood that to be a financial contribution, a campaign contribution.

Mr. MARUMOTO. Well, if I said that I would like to clarify my wording.

*See p. 5700.

Mr. DASH. Yes, sir.

Mr. MARUMOTO. It is a matter of semantics but I felt it was a donation, he didn't want to have that associated with the campaign.

Mr. DASH. Donation for whom?

Mr. MARUMOTO. Well, this was for some activities, if you recall, one of the five areas that I was responsible for were special activities as it related to the Spanish-speaking. We had about five or six informal receptions or dinners for Spanish-speaking leaders who came into Washington from time to time, either honoring, in most occasions honoring high level Spanish-speaking appointees or, I recall two gatherings during the inaugural which were specifically just for Spanish-speaking.

Mr. DASH. But the \$2,000 was given to you during the course of the campaign?

Mr. MARUMOTO. Yes, sir.

Mr. DASH. Was it given to you in cash?

Mr. MARUMOTO. Yes, sir. It was given to Mr. Rodriguez.

Mr. DASH. Right. As I understand your testimony you received some of it?

Mr. MARUMOTO. About \$800 to be used to buy these gold medallions that we got from the Treasury with the President's face on it.

Mr. DASH. To your knowledge was this ever reported as a campaign contribution?

Mr. MARUMOTO. No, sir.

Mr. DASH. Who contributed that to you?

Mr. MARUMOTO. Claudio Arenas, A-r-e-n-a-s of—I believe of Houston or Dallas, Tex.

Mr. DASH. Was he a contractor who was receiving grant money?

Mr. MARUMOTO. Yes.

Mr. DASH. Were you authorized to receive contributions?

Mr. MARUMOTO. No, sir.

Mr. DASH. I have no further questions.

Senator BAKER. I have just one question, if I may, just to make sure I understand what the \$2,000 was about. It was a \$2,000 cash contribution; was it ever turned over to the Committee To Re-Elect the President?

Mr. MARUMOTO. No, sir.

Senator BAKER. Was it ever turned over to any political organization?

Mr. MARUMOTO. No, sir.

Senator BAKER. Was it held in-house for these receptions and dinners you spoke of?

Mr. MARUMOTO. Yes, sir.

Senator BAKER. And spent for those purposes?

Mr. MARUMOTO. Solely, for those purposes.

Senator BAKER. Are there other questions?

Senator MONTROYA. I have a question, Mr. Chairman.

Referring to exhibit No. 262-52, Mr. Marumoto, you mention here in paragraph 3 of the memorandum dated September 22 that you had met with Ed Romero of La Luz magazine "re prospective national advertisers for his publication."

What did you mean by that?

Mr. MARUMOTO. Senator Montoya, as you may know, I believe this is the only national Spanish magazine, and I guess I would compare it

to Ebony for the black community. These people were having a difficult time in getting this off the ground. They came to a number of us to see if we could help them. I gave them a list of individuals that I knew in the corporate and advertising arena who might be able to take either half- or full-page advertisements from them, such as General Motors or Sony.

Senator MONTTOYA. Who made contacts with these national advertisers?

Mr. MARUMOTO. They did.

Senator MONTTOYA. And did they have any letter from you?

Mr. MARUMOTO. No, sir.

Senator MONTTOYA. Or anybody else from the White House?

Mr. MARUMOTO. No, sir, I just gave them names of people who were both professional and personal friends.

Senator MONTTOYA. Is it not true that after you met with them that they had articles, glowing articles, about President Nixon in every one of their subsequent issues up to election day?

Mr. MARUMOTO. One of their thrusts, Senator, was to articulate the achievements of the Spanish-speaking both in the private and public sector, so that part of that program certainly included what the Spanish-speaking people were doing with this particular administration.

Senator MONTTOYA. Well, the articles actually revolved around President Nixon and his candidacy and not the accomplishments of the Spanish-speaking people, isn't that right?

Mr. MARUMOTO. As I recall it, Senator, it had to do with achievements of the President and his administration's first 4 years.

Senator MONTTOYA. Had they been able to project the President in his image before the flat advertisers stepped in with persuasion?

Mr. MARUMOTO. That I don't recall, sir. I think at this point in time they may have only had one or two issues published.

Senator MONTTOYA. How much did they realize from the national advertisers, did you get a report?

Mr. MARUMOTO. No, sir.

Senator MONTTOYA. Was it a substantial amount?

Mr. MARUMOTO. I really don't know, sir. I understand it is still in existence but again we didn't—there was no follow up there.

Senator MONTTOYA. That is all, Mr. Chairman.

Senator BAKER. Are there further questions?

If not, thank you very much. The witness is excused and the committee will stand in recess briefly so—at the request of the chairman—so that he may return for the balance of the hearing.

[Recess.]

Senator ERVIN. The committee will come to order.

Council will call the next witness.

Mr. DASH. Mr. John Priestes.

Senator ERVIN. Will you stand up and raise your right hand.

Will you swear that the evidence you shall give to the Senate Select Committee on Presidential Campaign Activities will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PRIESTES. I do, sir.

Mr. DASH. Mr. Priestes, I see you are accompanied by counsel.

Would counsel identify himself, please?

Mr. RICHMAN. Jerome S. Richman, and I. Richard Jacobs, Miami, Fla.

Mr. DASH. Mr. Priestes, do you have any preliminary statement you wish to make to the committee?

Mr. PRIESTES. No, sir.

Mr. RICHMAN. Mr. Dash, I have a couple of introductory remarks that I would like, at your pleasure, to bring to the attention of the Chair.

Mr. Priestes is appearing here today pursuant to the committee's subpoena. He has not requested any grant of immunity and his intent is to cooperate fully with any and all questions. It is already known that he is under sentence now for matters relating to FHA violations which are unrelated to the purpose for which he has been called today.

One further remark. The matters to which he is to testify today occurred approximately a year and a half ago. While he did not keep any documentary records, he has reconstructed the events from his memory and I am certain the committee will bear with him as to his recall.

As Mr. Priestes indicated, he has no opening statement. He is prepared for inquiry at this time.

Senator ERVIN. Thank you very much.

Mr. DASH. Mr. Priestes, would you first tell us where you live?

TESTIMONY OF JOHN J. PRIESTES, BUILDING CONTRACTOR FROM THE STATE OF FLORIDA, ACCOMPANIED BY JEROME S. RICHMAN AND I. RICHARD JACOBS, COUNSEL

Mr. PRIESTES. Yes, sir, I live at 1221 Marbella Court, Coral Gables, Fla.

Mr. DASH. Are you in business or a profession in Florida?

Mr. PRIESTES. Yes, sir; I am a building contractor.

Mr. DASH. Where do you engage in that activity?

Mr. PRIESTES. In the general area, south Florida area.

Mr. DASH. Could you give us the names of the companies or businesses you do your work under?

Mr. PRIESTES. The two major businesses I work under are John Priestes Homes, Inc., and Priestes Development Corp.

Mr. DASH. And basically, what kind of building do you engage in?

Mr. PRIESTES. Primarily single-family homes and FHA 221 and 235 homes.

Mr. DASH. In the course of your activities within the recent period of the last couple of years, did you run into any difficulties with the FHA?

Mr. PRIESTES. Pardon me, sir?

Mr. DASH. Did you run into any difficulties with the FHA?

Mr. PRIESTES. Yes, I did.

Mr. DASH. Were you in fact informed that you were going to be suspended?

Mr. PRIESTES. Yes, I did.

Mr. DASH. Could you tell us what information you received as the basis upon which your suspension would be made?

Mr. PRIESTES. Well, the newspapers had been running a lot of—

Mr. DASH. Instead of referring to newspapers, Mr. Priestes, why don't you answer based on your own knowledge?

Mr. PRIESTES. Based on my own knowledge, the suspension was going to be due to a corporation by the name of Richard Greene Corp., which was not registered. It was a fictitious name.

Mr. DASH. Now, after knowing of this information and the problems you had with the FHA, were you contacted by a Mr. Ben Fernandez?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Could you tell us briefly the circumstances under which Mr. Fernandez contacted you?

Mr. PRIESTES. Well, Mr. Fernandez called me at home one evening and told me has was from either a Hispanic Finance Committee—I don't recall the exact name—or just the Committee To Re-Elect the President. They were raising funds primarily from Latin-speaking contributors in the south Florida area.

Mr. DASH. By the way, are you a Latin-speaking or Spanish-speaking American?

Mr. PRIESTES. No, sir, I am not.

Mr. DASH. Do you happen to build for Spanish-speaking Americans? Are your customers—

Mr. PRIESTES. Some of my customers are Latins, yes, sir.

Mr. DASH. Do you know of your own knowledge how Mr. Fernandez who identified himself as representing the Committee to Re-Elect the President, or the Hispanic Finance Committee, dealing with Spanish-speaking Americans, came to your attention?

Mr. PRIESTES. Well, I know how he came to my attention, yes, sir. I found out that he had been to a party the night before and had met several builders, Latins, and real estate people. It had been in the newspapers and they had discussed me—

Mr. DASH. What was in the newspapers?

Mr. PRIESTES. My problems with the FHA.

Mr. DASH. Continue.

Mr. PRIESTES. They discussed with Mr. Fernandez my name as a possible contributor.

Mr. DASH. Can you place as close as you can, the date when Mr. Fernandez contacted you?

Mr. PRIESTES. It was on or about February 26, 1972.

Mr. DASH. You say contacted you by telephone.

Would you briefly relate the conversation by telephone that Mr. Fernandez had with you?

Mr. PRIESTES. To the best of my knowledge, it was just a conversation that he stated his name and that he was a fundraiser for the Committee To Re-Elect the President for Latin-descent people and he possibly could help me in my troubles with that.

Mr. DASH. Did he indicate on the telephone that he knew of your troubles?

Mr. PRIESTES. He had indicated that he had heard about my troubles, yes. It was all over the papers.

Mr. DASH. As a result of that telephone conversation, did you arrange a meeting?

Mr. PRIESTES. Yes, sir.

Mr. DASH. When and where did that meeting take place?

Mr. PRIESTES. The meeting took place the next day at the Sheraton Four Ambassadors Hotel at Miami, Fla.

Mr. DASH. Was this Mr. Fernandez' hotel room?

Mr. PRIESTES. Yes, sir.

Mr. DASH. And you went to that hotel room?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Did you go with anybody?

Mr. PRIESTES. No, sir.

Mr. DASH. Did you meet with Mr. Fernandez alone?

Mr. PRIESTES. Yes, sir, I did.

Mr. DASH. Now, can you, to the best of your recollection, briefly tell us about that meeting, the conversation, what did Mr. Fernandez say to you and what did you say to him?

Mr. PRIESTES. Well, he invited me up to his room and we sat and he offered me a drink. He told me after a small amount of small talk, he said that he could help me with my FHA problems, that he thought he could help me. He said it would require a contribution.

He said, as you know, "I am a fundraiser." He told me that the contribution would have to be \$100,000.

Mr. DASH. What did you say to him?

Mr. PRIESTES. Well, I wanted to know what he had done before and exactly what type of help he was talking about. He told me that he had previously helped other building contractors.

Mr. DASH. Was he specific as to the manner in which he had helped other builders, what kinds of problems these other building contractors had?

Mr. PRIESTES. No, he was not, sir.

Mr. DASH. Were they the same type, suspensions—

Mr. PRIESTES. Well, they were building contractors that he said were on the URD list.

Mr. DASH. What is the URD list?

Mr. PRIESTES. That is the restricted, disbarred list for the FHA.

Mr. DASH. Is that a more serious problem than being suspended?

Mr. PRIESTES. Yes, it is more serious than suspension.

Mr. DASH. So he indicated he could help builders on more serious problems than you had?

Mr. PRIESTES. Yes, sir.

Mr. DASH. In other words, did he specifically say he could help you be cleared of this suspension?

Mr. PRIESTES. Yes, he did, sir.

Mr. DASH. And in return, he wanted a contribution of \$100,000 to whom?

Mr. PRIESTES. Contribution to the Committee To Re-Elect the President.

Mr. DASH. Did he tell you what form that contribution had to be in?

Mr. PRIESTES. He wanted either cash or a cashier's check. He told me it would be in three different payments.

Mr. DASH. How were the three different payments to be worked out? What was the scenario of the payments to be?

Mr. PRIESTES. Well, the first payment, he wanted a cashier's check for \$25,000, and if I gave him that, after the first payment, he would

then take me to Washington and introduce me to former Commerce Secretary Maurice Stans.

Mr. DASH. What position did you understand Mr. Stans to have at that time?

Mr. PRIESTES. Well, at the time he first spoke to me, I did not know exactly who the Committee To Re-Elect the President was. I had never heard of them. I had known Maurice Stans to be the former Secretary of Commerce. He told me Maurice Stans was now the chairman of the finance committee for the Committee To Re-Elect the President. He showed me a letter that he had received from Maurice Stans designating him as the representative of that committee to collect funds.

Mr. DASH. So for the first \$25,000, you would get to see Mr. Stans. When would you have to pay the next \$25,000?

Mr. PRIESTES. Well, he told me quite confidently, he said if we went to see Mr. Stans, he would pick the phone right up in front of me—

Mr. DASH. Who would?

Mr. PRIESTES. Mr. Stans would, and call Secretary Romney.

Mr. DASH. About your problem?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Were you then to make another payment?

Mr. PRIESTES. I was then to make another payment of \$25,000.

Mr. DASH. That would leave \$50,000 unpaid. When would that have to be paid?

Mr. PRIESTES. The \$50,000 was to be paid when my suspension was to be completely lifted.

Mr. DASH. After that was explained to you, did you agree to that?

Mr. PRIESTES. Yes, I agreed to it, sir.

Mr. DASH. Was that the end of that meeting or was there any other conversation at that time?

Mr. PRIESTES. That was the end of the meeting, but, of course, I wanted to—he told me that he wanted the check made out to the Committee To Re-Elect the President. I eliminated the cash and he told me he wanted a cashier's check then. He said it was to be made to the Hispanic Finance Committee To Re-Elect the President.

Mr. DASH. Did Mr. Fernandez give you a business card at that time?

Mr. PRIESTES. Yes, he did, sir.

Mr. DASH. Was this a card of the Hispanic Finance Committee?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Showing his name on it?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Now, what, if anything, did you do after that meeting with regard to that conversation?

Mr. PRIESTES. Well, I made a phone call to Mr. William Pelski, the FHA Director in Miami, Fla., and asked him if he could verify this. I described the whole meeting and the circumstances with him, and asked him if he could verify, was this a way that I could obtain this favor. He said he would make a few phone calls and call me back.

Mr. DASH. Did you tell him or did you identify Mr. Fernandez to him?

Mr. PRIESTES. Yes, I did. I sat and talked to him, actually, for about an hour about the whole thing, re-created the whole conversation.

Mr. DASH. Did he call you back?

Mr. PRIESTES. Yes, he called me the next day, sir.

Mr. DASH. What did he tell you?

Mr. PRIESTES. He told me that he had checked and it was all right, this would be a way that I could have my impending suspension lifted.

Mr. DASH. What, if anything, did you do next?

Mr. PRIESTES. Sir?

Mr. DASH. What, if anything, happened next? Did you call Mr. Fernandez?

Mr. PRIESTES. Mr. Fernandez told me that he would meet me a week later. I told him I did not have the cash or the check. I could not obtain it for him right there. He said he would be back in town 1 week later and made arrangements to meet me at the Sonesta Beach Hotel in Key Biscayne.

Mr. DASH. Prior to that time, after speaking to Mr. Pelski, did you make any effort to obtain funds?

Mr. PRIESTES. Yes, I had made efforts to obtain funds. By the time I met Mr. Fernandez the following Saturday, I had not yet obtained them. But I went to business associates, and I met with Mr. Fernandez a week later.

Mr. DASH. This was at the Sonesta Beach Hotel?

Mr. PRIESTES. Yes, sir.

Mr. DASH. All right. Could you tell us, do you know about what date that was?

Mr. PRIESTES. That was March 4, 1972.

Mr. DASH. Could you tell us what occurred at that meeting? Were you alone?

Mr. PRIESTES. No, I was not. I had a date with me, Mrs. Rose Marie Jayne from Miami, Fla.

Mr. DASH. And can you now tell us what occurred at that meeting?

Mr. PRIESTES. Well, it was a meeting—it was not a meeting, it was a formal dinner, as I recall, and you had to have a card to get inside. I had no card, but I went to the door and I asked to see Mr. Fernandez.

They called him and he came out, brought us inside, and asked me if I had the check. I said no, but I was working on it and I thought I could get it.

He told me that he had made arrangements to meet me 1 week later in Washington and said he would call me back and make hotel reservations to meet Maurice Stans.

Mr. DASH. Was that the sum and substance of that meeting?

Mr. PRIESTES. Basically; yes, sir.

Mr. DASH. After that meeting, did you make any effort to raise the \$25,000?

Mr. PRIESTES. Yes, sir; I contacted an associate who I purchased land from—Mr. Martin Woolin, in Florida—and asked him if he could lend me \$25,000.

Mr. DASH. Was he willing to do so?

Mr. PRIESTES. He was willing to do so. I asked him if he could make the loan in cash and said that he had sold me land previous to this. He was involved in the regard that I had purchased land from him at one time. He told me he would give me a check.

I explained the whole thing, what I wanted the money for, what was going to be done with the money.

Mr. DASH. Did you show him Mr. Fernandez' card?

Mr. PRIESTES. Yes, I did show him Mr. Fernandez' card.

Mr. DASH. Did that mean anything to him?

Mr. PRIESTES. No, he said he had never heard of the Hispanic Finance Committee To Re-Elect the President, and he made the check out to the Republican National Committee direct.

Mr. DASH. That was in the amount of \$25,000?

Mr. PRIESTES. \$25,000; yes, sir.

Mr. DASH. Once having that check, did you receive any further communication from Mr. Fernandez concerning your meeting in Washington?

Mr. PRIESTES. Yes, Mr. Fernandez had called me, I would say, about two or three times that week. He had also called me two or three times the week before, before the meeting at the Sonesta. Each time he called, he wanted to know how I was doing with obtaining cash, and I wanted to know how he was doing with his arrangements for having my troubles taken care of.

Mr. DASH. The conversations were from Mr. Fernandez to you, did you get the money—and from you to Fernandez—what have you been able to do for me?

Mr. PRIESTES. Yes, sir.

Mr. DASH. At all times, was it your understanding that you were to give that money on a quid pro quo to have your FHA problem cleared up?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Did he finally tell you what hotel you were to come to?

Mr. PRIESTES. Yes, sir, he called me on the phone and told me he had made reservations at the Hay-Adams Hotel, that I was to come in there on the night of March 12.

Mr. DASH. Did you go to Washington on March 12?

Mr. PRIESTES. Yes, I did, sir.

Mr. DASH. I just want to show you a copy of a voucher form and a—I guess an American Express charge retainer on the bill for the Manger-Hay-Adams Hotel, 16th and H Streets, Washington, D.C. Is that a memorandum that you submitted to us just yesterday?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Does that show a stay at the Hay-Adams beginning March 12, 1972, in room 716 and leaving March 13, 1972?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Mr. Chairman, I would like to have this bill and the accompanying receipt from the American Express identified for the record and made an exhibit.

Senator ERVIN. The paper referred to will be received in evidence and appropriately numbered as an exhibit.

[The document referred to was marked exhibit No. 264.*]

Mr. DASH. You arrived on the evening of March 12. Did you receive a call to meet Mr. Fernandez at that time?

Mr. PRIESTES. Mr. Fernandez told me, when I arrived at the hotel I was to ring his room up and meet with him.

Mr. DASH. Was he there at the hotel?

Mr. PRIESTES. Yes, sir, I checked. I did ring his room up and told him I had just checked in and he told me to come down to his room.

*See p. 5705.

Mr. DASH. What was the nature of the discussion at that time?

Mr. PRIESTES. Well, at this meeting, Mr. Fernandez' attitude, I noticed, was not quite as confident as it was in Miami. I talked to him. It had come out somehow in the newspapers—they had the headlines about the ITT contribution of \$200,000, and I told him—I said I thought this was one of the biggest corporations in the United States contributing \$200,000; I thought he was very heavy on me for the \$100,000.

Mr. DASH. In other words, you felt that if a conglomerate like ITT could do it for \$200,000, \$100,000 was unfair—

Mr. PRIESTES. Well, I did think it was unfair, and I told him so.

Mr. DASH. What resulted from your bringing that to his attention?

Mr. PRIESTES. Well, after quite a bit of discussion, it was agreed upon that I would only make a contribution of \$50,000.

He also mentioned to me that the ITT contribution was actually \$400,000.

Mr. DASH. Did you detect there was some nervousness on the part of Mr. Fernandez?

Mr. PRIESTES. I detected, sir, a lack of the previous confidence. He had previously told me, no less than three times, that there would be nothing to this. He said that the contribution—Secretary Stans would call Mr. Romney in my presence, which was the thing I wanted to see. I knew who Secretary Stans was and I knew who Secretary Romney was, and I felt this would be enough assurance.

Mr. DASH. In other words, was there anybody else present in his room that evening when you met with him?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Who was that?

Mr. PRIESTES. There were three other fellows, I believe of Cuban descent; one from Miami. I think his name is Manolo Casanova.

Mr. DASH. Did you know the others?

Mr. PRIESTES. No, sir. I was introduced to them, but I cannot remember their names.

Mr. DASH. Could you spell for the reporter the name of the person to the best of your ability? What was his name, the one you did know, or at least, knew, his name?

Mr. PRIESTES. Casanova, C-a-s-a-n-o-v-a.

Mr. DASH. That is his last name?

Mr. PRIESTES. That was his last name, sir.

Mr. DASH. What was his first name?

Mr. PRIESTES. Manolo.

Mr. DASH. Do you know how that is spelled?

Mr. PRIESTES. M-a-n-o-l-o, I believe.

Mr. DASH. Now that you had arranged to cut the payment in half—in other words, \$50,000—was there to be a different payment arrangement?

Mr. PRIESTES. Yes, sir. The payment arrangement was to be \$25,000 to get into meet Maurice Stans, to be presented to him at one meeting immediately, and another \$25,000 when my troubles with my suspension were taken care of.

Mr. DASH. At that time, did they ask you if you had the money with you?

Mr. PRIESTES. Yes; he did ask me if I had the check with me at that time. I told him, yes, I did.

Mr. DASH. Did you show him the check at that time?

Mr. PRIESTES. Yes, I did show him the check. He was concerned that the check was not made out to the Committee To Re-Elect the President. I told him—I said, well, I could not get the fellow I borrowed the money from—he hadn't heard of this committee, but he had heard of the Republican National Committee, and I explained it to him like this.

He said, well, we will see what we can do with it.

Mr. DASH. When you came up to Washington from Florida, did you bring anything with you?

Mr. PRIESTES. Yes, sir. In Miami, Fla., Mr. Fernandez had told me to bring a scrapbook of all my press clippings, I guess you call them. I don't know whether you call them press clippings, but the previous news writeups.

Mr. DASH. These were news clippings relating to your particular problem with FHA?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Were they self-explanatory if somebody read them?

Mr. PRIESTES. They were quite—I would say they were self-explanatory. It was not exactly in detail, but you could read through the lines and understand pretty much that there was something wrong.

Mr. DASH. That evening, then, besides now arranging for a \$50,000 payment and a new method of payment, and the fact that—what else took place, what other conversation took place at that time?

Mr. PRIESTES. The evening in the hotel room?

Mr. DASH. Yes, the evening of March 12.

Mr. PRIESTES. Just a moment.

Mr. DASH. Did you make arrangements for the following morning?

Mr. PRIESTES. Oh, yes, sir. We made arrangements to meet the following morning. He told me that—I had originally thought I was going to meet Mr. Stans at 9 o'clock in the morning. Now he told me it was changed to 11 o'clock. He said that he would leave at 9 o'clock and I was to show up at 11 o'clock. He gave me a name and a telephone number—Hugh Sloan and a telephone number. In case I was late, I was to call him.

Mr. DASH. Did he tell you who Hugh Sloan was?

Mr. PRIESTES. Yes, sir. I believe he said he was Mr. Stans' assistant.

Mr. DASH. Is that all that occurred now on the evening of the 12th, substantially?

Mr. PRIESTES. To the best of my knowledge, that is basically it.

Mr. DASH. The following morning, did you go over to the Committee To Re-Elect the President?

Mr. PRIESTES. Yes, I did, sir.

Mr. DASH. What room did you go to, if you recall?

Mr. PRIESTES. I don't recall the room number. It was on Pennsylvania Avenue. I had to go up to the second floor and turn to the right. As I recall, Mr. Sloan was there with Mr. Fernandez—Mr. Sloan's office on the right, Mr. Stans' on the left.

Mr. DASH. Mr. Sloan and Mr. Fernandez were there, you say?

Mr. PRIESTES. Mr. Sloan's office I recall being on the right, Mr. Stans' on the left.

Mr. DASH. Was Mr. Sloan there?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Were you introduced to Mr. Sloan?

Mr. PRIESTES. Yes, I was introduced to Mr. Sloan.

Mr. DASH. Who introduced you?

Mr. PRIESTES. Mr. Fernandez.

Mr. DASH. What occurred next? Did you get in to see Mr. Stans?

Mr. PRIESTES. Yes, sir. We spoke briefly to Mr. Sloan. Mainly, he was glad I was a contributor, words to that effect.

Mr. DASH. Did Mr. Sloan, to your knowledge, know what the arrangement was that you had with Mr. Fernandez?

Mr. PRIESTES. I don't recall that, sir. I don't believe he knew.

Mr. DASH. At least, Mr. Fernandez not in your presence—

Mr. PRIESTES. I don't really recall what happened. That was a year and a half ago, and I don't think he was familiar with—

Mr. DASH. He understood, however, that you were coming to make a contribution?

Mr. PRIESTES. Yes, he understood about the contribution.

Mr. DASH. You say then you went in to meet Mr. Stans?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Is that the first time you met Mr. Stans?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Who was in the room?

Mr. PRIESTES. Mr. Fernandez, Mr. Stans, and myself.

Mr. DASH. Will you tell us as clearly as you can what occurred, who first spoke? Were you introduced to Mr. Stans? What then took place?

Mr. PRIESTES. I was introduced to Mr. Stans by Mr. Fernandez. Mr. Fernandez spoke first. He said, this is Mr. Priestes and he is going to make a contribution to the committee.

I had a scrapbook with me of the press clippings from Miami.

Mr. DASH. What did you do with that scrapbook?

Mr. PRIESTES. Mr. Fernandez asked me to show it to Mr. Stans, which I did. He looked at the scrapbook.

Mr. DASH. Did he look through it?

Mr. PRIESTES. Yes, he did.

Mr. DASH. How long did it take him to look through it?

Mr. PRIESTES. I would say about 15 minutes.

Mr. DASH. Did you get the impression that he was reading particular newspaper clippings?

Mr. PRIESTES. He was reading. I was explaining as we were going along. I was making a point of trying to explain the trouble that I was in and I said this was a Richard Green thing. The papers had made headlines about it and I explained that this was a fictitious name for the corporation which was not registered.

Mr. DASH. Did you say anything to Mr. Stans besides explaining—

Mr. PRIESTES. Yes, Mr. Fernandez had told me previously that when I handed the check to Mr. Stans—he told me in Miami that Mr. Stans would pick the phone up and after hearing him call Romney, Mr. Fernandez would ask me to present the check to him.

I gave him the check. He did not pick the phone up and call Secretary Romney. I asked him then, I said—he did accept the check. I

asked him, I said, well, wait a minute, aren't we supposed to have a phone call here? I said, you promised me that Secretary Romney would be called on the phone.

Mr. Stans said that he would make the call and if he could not do me any good, they would return my check.

Mr. DASH. You say he made the call then, or later?

Mr. PRIESTES. No, he did not make it then. He just said he would make the call and I said—I asked: “Do I have any reassurance here that I am going to get anything for my money?” I mean I did not make the contribution for any other reason than——

Mr. DASH. You were not seeking to make a contribution to the election of the President?

Mr. PRIESTES. No, sir, I really was not interested in making that contribution.

Mr. DASH. What did Mr. Stans say to you when you made clear that you wanted to know what else you were going to get for your money?

Mr. PRIESTES. Mr. Stans told me that he would make a call and see what he could do, and I said “Well, what does it look like here?” He said, “If we cannot do any good for you we will return the check to you.”

Mr. DASH. All right. Now, by the way, did he make any statement to you, did he react to the fact that the check was not a cashier's check but was a check made out to the National Republican Committee?

Mr. PRIESTES. Yes, sir, Mr. Stans did make a notation the check had been made out to the wrong committee, and Mr. Fernandez said, “Yes,” well he said, “this is done in error,” and Mr. Fernandez mentioned that possibly I could obtain cash in replacement of that check or smaller checks from a—with Spanish surnames, other than my own. He did not want the check made out to my name anyway.

Mr. DASH. By the way, was any reference made, either at that meeting or prior to your having that meeting, when a discussion of the payments were made concerning the date April 7, 1972?

Mr. PRIESTES. Yes, sir. The reference April 7 came up because I do not know what it meant. He told me that the final payment would have to be made before April 7. He said any payments after April 7—he also mentioned that in the hotel room, the night before, which I forgot to say—he said any payments made after April 7 had to be reported, and stated that in my situation this was something that would be wiser not to have reported.

Mr. DASH. All right. Now, after this. Did anything else, any other conversation take place in the presence of Mr. Stans or Mr. Fernandez at that time? Was that the sum and substance of it?

Mr. PRIESTES. I would say basically. I might have left a few unimportant details out.

Mr. DASH. All right. Now, what did you do after you left his office?

Mr. PRIESTES. Pardon me?

Mr. DASH. What did you do after you left his office?

Mr. PRIESTES. After I left his office, I went back to the hotel, checked out, and took a plane home to Miami.

Mr. DASH. At that time, did you see anything in the newspaper concerning your matter?

Mr. PRIESTES. Yes, sir. When I got back to Miami, Fla., that night I found out Mr. Eugene Gullledge was down there and had a press conference that afternoon and had suspended me.

Mr. DASH. So that on the day you were up there talking about that problem, in fact, you were suspended?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Did that concern you?

Mr. PRIESTES. No, not really, it did not concern me because I had known that I was going to be suspended previously.

Mr. DASH. What you were really going to be doing would be making an appeal, as I understand it.

Mr. PRIESTES. Yes, sir, this was mainly concerned with my appeal because the suspension was, shall we say, imminent, because the newspaper publicity—I had known there was going to be some—

Mr. DASH. And the help you expected would be on the appeal?

Mr. PRIESTES. The help I expected would be primarily on the appeal.

Mr. DASH. All right. Now, when was the next time you were contacted by anybody with regard to this matter?

Mr. PRIESTES. Well, back home in Miami, I made a few calls to Mr. Fernandez.

Mr. DASH. You called him. Where did you call him?

Mr. PRIESTES. I called him in California, at a California phone.

Mr. DASH. Was that his home?

Mr. PRIESTES. He had gone back to California, yes, sir.

Mr. DASH. And what was the purpose of your calls to Mr. Fernandez?

Mr. PRIESTES. To find out how everything was going, you know, to find out if they were getting the job done.

Mr. DASH. What kind of response did you get from Mr. Fernandez?

Mr. PRIESTES. Well, I did not get a positive response, completely, but he said they were working on it and he would be back in touch with me in small—he would keep in touch with me and let me know what was going on.

Mr. DASH. All right. Now, after these kinds of calls you were making and seeking information, did someone get in touch with you later in Florida and had in his possession your check?

Mr. PRIESTES. Yes, sir. Approximately 2 weeks later a man came to my home with the check in hand and said he was from the Committee To Re-Elect the President.

Mr. DASH. And having the check in his hand you didn't need any further introduction?

Mr. PRIESTES. No, sir; he gave me his name and told me he was from the committee. I don't remember his name but I really wasn't conscious or concerned. He had the check that I had given to Mr. Stans 2 weeks previous to that.

Mr. DASH. What, if anything, did he tell you?

Mr. PRIESTES. He told me it was a serious situation, more so than they had previously expected and it could be handled but it would require \$25,000 in cash, and the check—he didn't want the check. He was going to return the check in exchange for \$25,000 in cash.

Mr. DASH. What did you say to him?

Mr. PRIESTES. I said I agreed to it. I said that is fine with me. I asked: "When do you want me to meet you in Washington to meet with Mr. Stans?"

Mr. DASH. What did he say to you?

Mr. PRIESTES. He told me they weren't going to do it that way anymore. He said he expected me to hand—I said “You don't expect me to just give you the cash,” I said, “to you,” not having known him. He said “Well, that is the way”—I can't remember verbatim but, “That is the way we are working it now.”

Mr. DASH. You wanted assurances if you gave him cash it would get to the right person.

Mr. PRIESTES. Yes, sir. I agreed I would give him the cash if Mr. Stans can witness the cash too. I said: “As long as I have some assurance that he knows you have the cash,” because I wanted assurance to know something is going to be done.

Mr. DASH. Was he willing to give you that assurance?

Mr. PRIESTES. No, he said he could not do it that way.

Mr. DASH. All right. Then how did you terminate your talk?

Mr. PRIESTES. I was a little upset, and I told him—I think he felt that it wasn't, you know—he did return the check to me.

Mr. DASH. He returned the check and then he left, was that it?

Mr. PRIESTES. Yes, sir.

Mr. DASH. What did you do next?

Mr. PRIESTES. I then called Mr. Fernandez in California and I told him. I asked him what was going on, related what happened and he said: “I will call you back. Let me make some calls and I will call you back.”

Mr. DASH. Did he call you back?

Mr. PRIESTES. He called me back 2 or 3 hours later.

Mr. DASH. Will you tell the committee, as best you can recall, what his conversation was, what he told you?

Mr. PRIESTES. Well, his conversation was that he said: “Well, we can't do anything for you. You can, if you would like to, make a contribution for \$5,000 but it would have to be reported and there is nothing”—I said I didn't understand it at all. I said: “Wait a minute, I don't understand this at all. You are talking about \$5,000.” He said: “We never promised you anything,” and I guess I got a little indignant and I said: “What was I doing in Washington with a \$25,000 check, I am not even a Republican.” And he said: “Well, we never made you any promises at all. You can make it if you would like,” and I said: “What would I get for the \$5,000?” and he said: “Well, we would make it known publicly that you gave \$5,000”, and I said: “Would I get anything?” He said: “You would not get anything from it.” It was a complete turnabout.

Mr. DASH. And was that—is that how the conversation ended?

Mr. PRIESTES. That was about the end of that conversation with Mr. Fernandez.

Mr. DASH. All right. Were you visited by anybody shortly after that?

Mr. PRIESTES. I was called, and I can't really recall, about a week or maybe it was only 3 or 4 days later, about 4 o'clock and asked for \$5,000, and I recall asking him—the Hispanic Finance Committee again—and I asked him if there was anything I could get for the \$5,000. They said they would just make it known publicly, like they would do for any contributor and I said there is nothing that really

can be done then, and they said it will be known. It wasn't enough assurance for me.

Mr. DASH. And did anything else happen, did you meet that person or did you make a contribution?

Mr. PRIESTES. No, I never did make another contribution.

Mr. DASH. What did you do, by the way, with the \$25,000 check?

Mr. PRIESTES. I returned the \$25,000 check approximately 1 week later to Martin Woolin in Miami.

Mr. DASH. Did you hear any more from Mr. Fernandez?

Mr. PRIESTES. I don't recall now. If I called him after that in some regard, I just can't really recall. I know I didn't—nothing else happened after that.

Mr. DASH. You made no further trips to Washington on this business?

Mr. PRIESTES. No, sir.

Mr. DASH. That is the sum and substance of the effort of the Hispanic Finance Committee to obtain a contribution from you?

Mr. PRIESTES. Yes, sir.

Mr. DASH. I have no further questions, Mr. Chairman.

Senator ERVIN. Mr. Thompson.

Mr. THOMPSON. Thank you, Mr. Chairman.

Mr. Priestes, you have indicated in your statement here that you pleaded guilty to two criminal counts for making false statements, involving false statements of corporate tax returns, and second, false statements in connection with an FHA matter. I would like to ask you, and the counsel can respond to this so far as I am concerned, if this was a plea bargaining arrangement, whether or not there were other matters under inquiry, whether there was an agreement that they would not be pursued?

Mr. RICHMAN. Yes, there was a plea bargaining agreement which was entered in the records of the southern district of Florida, and as a result of that plea bargaining he pled guilty to those counts that you mentioned.

Mr. THOMPSON. Could you give us the substance of that agreement?

Mr. RICHMAN. The substance of the agreement was that he was to enter a plea on those two counts basically, that he would cooperate with the Federal Government in any way that was required of him, and that any other charges that may have come about of anything of FHA relationship on this matter would not be brought against him by the U.S. attorney's office.

Mr. THOMPSON. All right. Were the matters pertaining to Mr. Fernandez, the matters that have been related here, in the possession of the U.S. attorney's office at that time there?

Mr. RICHMAN. Yes, sir.

Mr. THOMPSON. That is all I have to ask on that.

Mr. Priestes, you indicated that your first contact with Mr. Fernandez was February 26, I believe, 1972.

Mr. PRIESTES. On or about that.

Mr. THOMPSON. He called you at that time and indicated he had some familiarity with your FHA problems.

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. And could help you. Did he state to you the basis of his knowledge?

Mr. PRIESTES. Well, he did state it; it is very difficult; I think he was the fundraiser. He had been to a party and had met someone. I can't recall in detail; it was in the papers but he had stated he had heard from Cuban builders or real estate people.

Mr. THOMPSON. Do you know a man by the name of Nunez?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. Who is he?

Mr. PRIESTES. Carlos Nunez; he was a former employee of mine. He is now a building contractor in Miami, Fla.

Mr. THOMPSON. Did you ever talk to Mr. Nunez and ask him whether or not he had ever spoken to Mr. Fernandez about you?

Mr. PRIESTES. Yes; I did.

Mr. THOMPSON. When did you talk with him?

Mr. PRIESTES. Just about 3 months ago.

Mr. THOMPSON. What did he say about any conversations he had with Mr. Fernandez?

Mr. PRIESTES. He told me he had met Mr. Fernandez that night and they had discussed whether they could get potential contributors to the Latin group finance committee and he said my name had come up.

Mr. THOMPSON. Did he indicate to you that he suggested your name as possibly someone who might contribute?

Mr. PRIESTES. He said he could have done that, sir. He said it could have been him or others there. He said he doesn't recall who brought my name up, but it was brought up.

Mr. THOMPSON. Did he state whether or not your FHA problems could be brought up at the same time?

Mr. PRIESTES. Well, that was in the papers. It was in the headlines of the papers.

Mr. THOMPSON. Excuse me, did he state whether or not your FHA problems were brought up at that time, in that conversation with Mr. Fernandez?

Mr. PRIESTES. He said they had spoken about my FHA problems or the newspapers, that the headlines—

Mr. THOMPSON. That they had spoken about in the newspapers; I want you to divorce what was in the newspapers from that conversation that he had with Fernandez.

Mr. PRIESTES. Well, he told me they had spoken about the headlines in the papers which were all concerning my FHA problems; yes.

Mr. THOMPSON. Did Fernandez indicate that he had spoken to Nunez, specifically, when he talked to you?

Mr. PRIESTES. Yes; I believe he might have mentioned Nunez and others.

Mr. THOMPSON. How did Fernandez identify himself over the telephone?

Mr. PRIESTES. To the best of my knowledge as Mr. Benjamin Fernandez, who was the local chairman of the Hispanic Finance Committee or something like that. I really can't remember exactly how he identified himself.

Mr. THOMPSON. Did you give his last name at that time?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. In the telephone conversation?

Mr. PRIESTES. Pardon me?

Mr. THOMPSON. I am asking you whether or not he gave his last name, Fernandez.

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. Did you know anything about Mr. Fernandez at that time?

Mr. PRIESTES. No, other than what he told me on the telephone.

Mr. THOMPSON. Did he indicate to you that he would try to get some help for you?

Mr. PRIESTES. On the telephone?

Mr. THOMPSON. Yes.

Mr. PRIESTES. Yes, he did indicate that.

Mr. THOMPSON. Did he also indicate that although he would try to help you that he would make indefinite promises?

Mr. PRIESTES. On the telephone it was more—that was the indication; yes, sir.

Mr. THOMPSON. Did he indicate what kind of help over the telephone?

Mr. PRIESTES. No, sir. I had assumed it was political help.

Mr. THOMPSON. All right. At any time during that telephone conversation or any other meeting that you had with him, did you discuss the specifics of exactly what kind of help he might give you?

Mr. PRIESTES. Yes, I did.

Mr. THOMPSON. What kind of help did he say?

Mr. PRIESTES. Well, he told me the next day, in the hotel room, that he would go directly to the top, so to speak, and he would introduce me to Maurice Stans who would call Secretary Romney.

Mr. THOMPSON. Was there anything more specific than that?

Mr. PRIESTES. No, I felt that was specific enough. He told me more than once.

Mr. THOMPSON. Were you under suspension at that particular time?

Mr. PRIESTES. No, I wasn't under suspension but I knew I was going to be suspended.

Mr. THOMPSON. Did you tell him that you knew you were going to be suspended?

Mr. PRIESTES. Yes.

Mr. THOMPSON. Did he indicate that he could prevent that?

Mr. PRIESTES. He indicated that he could either prevent it or if I were suspended, which was the likelihood, that the suspension could be appealed and lifted.

Mr. THOMPSON. When you had your conversation with Mr. Stans on March 13, was Mr. Sloan present during any part of that conversation?

Mr. PRIESTES. I recall Mr. Sloan being present. I met Mr. Sloan, he spoke briefly and we went into the office together, and I don't think he stayed there but a few minutes. I don't really recall.

Mr. THOMPSON. Do you recall—

Mr. PRIESTES. I recall meeting him.

Mr. THOMPSON. Do you recall whether he was present when you gave the check to Mr. Stans?

Mr. PRIESTES. I do not recall whether he was present or not. [Conferring with counsel.]

Mr. RICHMAN. Would you repeat the question?

Mr. THOMPSON. Was Mr. Sloan present when you gave the check to Mr. Stans?

Mr. PRIESTES. I do not recall.

Mr. THOMPSON. But you do recall the details of the conversation?

Mr. PRIESTES. Yes; basically, yes, sir.

Mr. THOMPSON. When you walked in, how were you introduced to Mr. Stans, who introduced you?

Mr. PRIESTES. Mr. Fernandez introduced Mr. Stans to me as "Mr. Secretary."

Mr. THOMPSON. Did he give any of your background or say anything about you?

Mr. PRIESTES. Yes, he said, "This is John Priestes, he is a building contractor from Miami and he is going to make a contribution to us for \$25,000."

Mr. THOMPSON. All right. "He is going to make a contribution of \$25,000," and you gave him the check at that time?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. That check was made out to the Republican National Committee?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. And that was unsatisfactory so far as Mr. Stans was concerned.

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. Was there any discussion concerning breaking the check down into \$3,000 contributions for gift tax purposes?

Mr. PRIESTES. Yes, sir. I recall the check was unsuitable for Mr. Stans and he looked at Mr. Fernandez and he explained to him that—why I could not get the check made out properly and Mr. Fernandez mentioned possibly it could be done with a series of smaller checks, cashier's checks or cash.

Mr. THOMPSON. Or cash.

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. Did he indicate that smaller checks made out properly to the Finance Committee to Re-Elect or whatever, would have been satisfactory with him at that particular time?

Mr. PRIESTES. I do not understand the question, sir.

Mr. THOMPSON. I said, did he indicate if checks, if the check or smaller checks, for \$3,000 were made out by you to the finance committee that they would have been satisfactory?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. In other words, checks as such were not unsatisfactory?

Mr. PRIESTES. Yes, sir, he indicated that, yes, sir.

Mr. THOMPSON. All right.

What other conversation did you have about the check or the possible ways that you could make a contribution?

Mr. PRIESTES. I do not recall too much conversation about the check, other than Mr. Stans did not find the check exactly acceptable in its form. I cannot really recall too much on the check itself.

Mr. THOMPSON. At that time did he indicate, in anyway, that he did not want the fact that you were making the contribution to the Committee To Re-Elect to be of public record or he did not want it to be of public knowledge?

Mr. PRIESTES. I got the impression it was not to be of public knowledge?

Mr. THOMPSON. I am talking about your conversation. I am talking about what he said.

Mr. PRIESTES. I cannot remember in detail, it was a year and a half ago. But, as I said, I cannot remember verbatim, word-for-word about the whole conversation, I can just give you a summarizing of it.

Mr. THOMPSON. Did he say anything to the effect that he did not wish it to be a public record?

Mr. PRIESTES. Did Mr. Stans say that?

Mr. THOMPSON. Yes.

Mr. PRIESTES. Not that I can recall.

Mr. THOMPSON. All right. But he was willing for a check or checks to be made out at that particular time?

Mr. PRIESTES. Mr. Fernandez, as I recall, was speaking about the checks. Mr. Stans did not, as I recall, did not actually talk but he was listening.

Mr. THOMPSON. Was there any other conversation at all about the way your contribution might be handled before you got into looking in the scrapbook, that you can remember?

Mr. PRIESTES. I cannot really recall.

Mr. THOMPSON. All right. So we have that discussion about the check.

Now, you mentioned the fact that Mr. Fernandez suggested that you bring your scrapbook relating all your problems—publicity that you had?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. How did you get into the conversation about that?

Mr. PRIESTES. Well, that was—I told him I had been in some trouble in Miami, Fla., and I said—he looked at the scrapbook, and I got the impression that Mr. Fernandez might have told him something before I came up there and I went over—

Mr. THOMPSON. How did you get that impression, Mr. Priestes?

Mr. PRIESTES. Well, he seemed a little bit—you mention your laying out for somebody and explaining to him this was—the main problem is this Richard Green thing and I got the impression, I say because he did not seem to have to ask a whole lot of questions about him.

Mr. THOMPSON. Did he look at—

Mr. PRIESTES. Yes, he looked at it.

Mr. THOMPSON. 15 minutes or so?

Mr. PRIESTES. Approximately, yes, sir.

Mr. THOMPSON. Go over the clippings?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. What was your purpose in showing him this?

Mr. PRIESTES. Well, my purpose was to show him the type of trouble that I was in, what type of help I would need.

Mr. THOMPSON. Was there any discussion about the unfair treatment you had been given in the newspapers?

Mr. PRIESTES. I do not recall anything about any unfair treatment from the newspapers. The fact that it was in the press, no, I do not recall that at all.

Mr. THOMPSON. Did you ever indicate to them that while you might have been in some violation of regulations or laws, that it was more of a technical violation?

Mr. PRIESTES. Well, I did indicate that it was not a serious violation.

Mr. THOMPSON. Not a serious violation. Could you not have explained the nature of your problems to him without the benefit of the newspaper clippings?

Mr. PRIESTES. I could have explained the nature without the newspaper clippings; yes, sir.

Mr. THOMPSON. All right. When did you first discuss what might possibly be done to help you? Was it after you looked through the scrapbook or while you were looking through it or when?

Mr. PRIESTES. Well, we looked through the scrapbook and like I said, I cannot remember how it came up but I was concerned, I presented the check to Mr. Stans and after we looked at the scrapbook and I explained it to him, I asked him if anything was going to be done. I said I was supposed to have a phone call made.

Mr. THOMPSON. Was supposed to be done or whether anything could be done?

Mr. PRIESTES. Well, whether anything could be done or was going to be done, either.

Mr. THOMPSON. Did you relate to Mr. Stans your previous conversation with Fernandez?

Mr. PRIESTES. Concerning him calling?

Mr. THOMPSON. Yes.

Mr. PRIESTES. No, I did not relate that.

Mr. THOMPSON. Were you surprised when he made no offer to call Romney?

Mr. PRIESTES. Wait a minute, I did relate—I did not relate the conversation. I did say: "Are you going to make a call to Romney? I was promised that." Yes.

Mr. THOMPSON. Did you mention Mr. Romney by name?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. What did he say in reply to that?

Mr. PRIESTES. To the best of my knowledge, his reply was, "I will make a call and see what we can do. If we cannot do anything for you we will return the money."

Mr. THOMPSON. Did he make any calls while you were there?

Mr. PRIESTES. No, sir.

Mr. THOMPSON. Did you discuss the nature of your problems with him? You said you went through the scrapbook, and I am sure there are things in there, but did you discuss exactly what your problem was, exactly what your position was, the fact that you might be suspended, for example?

Mr. PRIESTES. Well, yes. I did not discuss everything. There was quite a bit in there. I just told him basically, that the problem was this Richard Green. Everything in there was innuendo except concerning other matters, this Richard Green Building Corp. which did not exist or was not registered, was the one that I was concerned about.

Mr. THOMPSON. Everything in the newspaper articles was innuendo, is that what you are referring to?

Mr. PRIESTES. Everything—just a minute, let me qualify that. Everything in the newspaper articles were if—we are going into basically other areas. [Conferring with counsel.] Yes, sir, the item we were mainly concerned about was the Richard Green situation.

Mr. THOMPSON. But you did not discuss any unfair treatment the press had given, pertaining to this particular matter with Mr. Stans, as a matter of educational benefit?

Mr. PRIESTES. No, it was not unfair treatment by the press, it was their—I mean it was not an issue at all.

Mr. THOMPSON. Did you discuss the fact that your help might be of the nature where you would need help on appeal, to Mr. Stans?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. Do you know whether or not Mr. Stans ever made any inquiry?

Mr. PRIESTES. No, sir.

Senator BAKER. Mr. Chairman, if Mr. Thompson would yield at this point, I think it might be helpful to the committee and in fairness to the record to call the committee's attention to a letter addressed to the chairman, dated November 6, 1973, from Wilkinson, Cragun and Barker of Washington, counsel for Mr. Stans, and signed by Robert W. Barker which has attached to it a statement of Mr. Stans, dated November 6, 1973, which deals with the same subject matter; and the statement has attached to it a memorandum on the stationery of the Department of Housing and Urban Development, dated March 14, 1972, from the Office of the Assistant Secretary for Housing Management, addressed to Mr. Stans and signed by G. Richard, I am sorry, I cannot read the last name, I believe it says Dunnells.

Mr. Chairman, I realize this is out of order but this material is of such extraordinary importance that I believe, at this point in the record, I would ask that I might offer this letter and the statement of Mr. Stans to be read into the record, not only because I think fairness indicates that but because I think it might be useful in the further examination of this witness.

Senator ERVIN. I would say that if the statement had been notarized, it would be admissible under the rules of the committee, unless some member of the committee disagrees. I would say, I think we could waive that rule, the verification, at the appropriate time, if the Senator agrees and the witness is asked to comment on it. I think that would be fair to the witness and Mr. Stans, both.

Mr. DASH. I think the record should show it is not a sworn statement.

Senator BAKER. Yes. It should show that and, in effect, the chairman has asked that I ask unanimous consent that it may be put in the record, which I now do.

Senator ERVIN. If there is no objection, the letter will be admitted in evidence to go with the exhibit attached to it, notwithstanding the fact that it is not verified.

Senator BAKER. Thank you, Mr. Chairman. The letter, as I had said is dated November 6, 1973, addressed to the chairman:

DEAR Mr. CHAIRMAN: Your staff counsel have requested me to obtain and submit to you an affidavit of the Hon. Maurice H. Stans concerning a proposed contribution to the Finance Committee to Re-Elect the President by a Mr. John Priestes. Mr. Stans is out of the city on prearranged matters and cannot be back this week.

This request raises questions of Mr. Stans' fundamental rights in the case of U.S. v. Mitchell, et al., 73 CR 439, in New York. We draw your attention to our letter of June 4, 1973, Exhibit No. 26 in your hearing record, and my statement appearing at pp. 680-687 of the printed Hearings. Mr. Stans is unwilling voluntarily to do anything which will contribute to publicity which may tend to deny him a right of fair trial.

The present request places Mr. Stans in the same position as your direction on June 12, that Mr. Stans testify. If Mr. Stans fails to respond, it could infer guilty knowledge. If he adds to publicity, he could interfere with a fair trial.

Therefore, this letter and the attached statement are submitted without any

waiver on Mr. Stans' part and with the request that it be used by the Committee without publicity, in order not to add to the already inflamed climate of publicity so far as fair trial is concerned.

I might say parenthetically, Mr. Chairman, I believe it is a fair statement to say you and I were both concerned with that language, how do you use it without publicity and I will make it part of the record. At our request Mr. Barker was contacted telephonically and indicated to Mr. Thompson that he was agreeable to the letter and the statement being used as a part of our hearing record.

Senator ERVIN. That is correct, as I understand it.

Senator BAKER. The letter continues:

Since your hearings involving Messrs. Priestes and Fernandez go forward tomorrow, it is not possible to get to you an affidavit. We have, instead, after telephone conferences with staff counsel discussed this matter in detail with Mr. Stans, checked Committee records and Mr. Stans has given us, by telephone, the enclosed statement of facts known to him.

We enclose the statement for Committee use on the terms and conditions outlined above.

And signed by Mr. Barker showing a carbon copy to Mr. Stans.

The statement is as follows:

November 6, 1973: 1. This statement is made at the request of the staff of the Senate Committee on Presidential Campaign Activities for the purpose of furnishing it to that Committee in connection with the investigation of pending matters. It is furnished under conditions stated in the accompanying letter of counsel.

2. Since February 15, 1972, I have been and now am the Chairman of the Finance Committee to Re-Elect the President and predecessor committees with offices at 1701 Pennsylvania Avenue, N.W., Washington, D.C.

3. Ben Fernandez of Los Angeles, California, served as Chairman of the Hispanic Finance Committee to Re-Elect the President during the recent Presidential election campaign.

4. On March 13, 1972, I met briefly in my office with Mr. Fernandez and a potential contributor named John Priestes. Mr. Priestes was brought to my office pursuant to a previous appointment by Mr. Fernandez. Mr. Fernandez had, on March 8, called Mr. Hugh W. Sloan, Jr., Treasurer of the Committee, and had told him that my meeting with a potential contributor would be helpful. Mr. Sloan arranged the appointment through my secretary. Until the meeting, I did not know the name of the individual with whom I was to meet or the circumstances of the proposed contribution, only that Mr. Fernandez felt that it would assist in finalizing the proposed contribution if I were to meet with him and the contributor.

5. At the meeting, Mr. Priestes offered a contribution to the campaign in the form of a check for \$25,000, signed by another person (a Martin Woolin) and made payable, as I recall, to something like "Republican Party" or a similar phrase. It was not made payable to the Finance Committee to Re-Elect the President. We discussed that the payee of the check would have to be changed. While I do not recall discussing this point, normally to protect a contributor against unintended gift taxes we would have discussed designation of several committees to receive \$3,000 or a breakdown into several checks. I do not recall specifically whether we discussed this with Mr. Priestes but I believe we did.

6. After discussing the check, Mr. Priestes then proceeded to give me a file of newspaper clippings from the Miami Herald, dated in February of 1972, highly critical of Mr. Priestes. The gist of the articles was that Priestes had realized a large windfall profit on a FHA low cost housing program, primarily because of favors allegedly granted to him by a suspended FHA director in Miami named Pelski. The newspaper articles related that as a result, Priestes had moved from 19th to 2nd in homebuilders in Dade County, Florida, in one year's time. The allegations also stated that Priestes had used a number of disguised corporations for the purpose of handling the contracts. Copies of the newspapers have been furnished the Committee staff. Mr. Priestes stated that he was an unfair victim of the Miami Herald and that he was fearful that action might be taken against him by HUD or FHA on the basis of the unfavorable publicity without

his having an opportunity to defend himself. He said that he hoped that HUD would treat him fairly.

7. I flipped through the file of newspaper clippings in his presence and promised to read them later. I also told him that I could not evaluate the situation without knowing FHA's attitude toward him and his transactions; that I would have to check with HUD. I returned the check either to Fernandez or Priestes to hold until I had been able to do so.

8. On the same day, I had a meeting with Mr. G. Richard Dunnells, Deputy Assistant Secretary of HUD. At that meeting, I asked Mr. Dunnells to check out Priestes' records with FHA and HUD, and advise as soon as possible. Later on the same day at a scheduled meeting with Bill Gifford of the White House staff, I discussed the Priestes visit and asked him to check such sources as were properly available to him and to let me know what he could learn from those sources about Priestes.

9. On March 14, Dunnells wrote me a letter stating that HUD had suspended Priestes on March 13, and "any contact with Priestes at this time would, in our opinion, be highly inappropriate." So far as I can recall, at the time of my conversation with Priestes, no mention was made of the fact that he had been suspended. I made a notation on the letter received from Mr. Dunnells: "Drop Contact." Attached as exhibit 1 is a copy of Mr. Dunnell's report.

10. On March 17, I received a phone call from Gifford saying, "Priestes is not clean; he uses dummy corporations, is unreliable and undesirable."

11. On March 18, I talked by telephone with Mr. Fernandez and reported this information to him and told him to terminate any contacts with Mr. Priestes. Mr. Fernandez told me that he would do so at once and would accept no contribution from him.

12. To the best of my knowledge, the Finance Committee has never received a contribution from Mr. Priestes directly or indirectly. A special check by the Finance Committee staff of the committee records, discloses no contribution from Mr. Priestes.

13. So far as I know, Mr. Fernandez acted carefully and properly in this matter, but in any event, if Mr. Priestes had any idea of getting favors by offering a contribution, it is obvious that not only did he not receive them but that he was totally and permanently rebuffed because of his record with FHA.

Attached as exhibit 1 to the statement, is the memorandum addressed to Mr. Stans, which is short and which I will read. It says:

Mr. Priestes is under investigation by both HUD and Justice regarding his dealings with HUD's FHA Coral Gables office. Allegations of his seeking favoritism from FHA Director Pelski have been made.

HUD has suspended Priestes from further dealings with FHA as of Monday, March 13, 1972.

Allegations regarding Priestes and Pelski have been highly publicized by Miami Press.

Any contact with Priestes at this time would, in our opinion, be highly inappropriate.

Signed by Richard Dunnells and, at the bottom, is the script handwritten notation which Mr. Stans refers to in his statement saying "Drop Contact—MHS" encircled.

Mr. Chairman, pursuant to the previous unanimous consent and order, I now offer these documents for identification and inclusion in the record as appropriately numbered exhibits.

Mr. THOMPSON. Pardon me.

Senator ERVIN. Do you wish to see this? Let counsel see them, then the reporter can mark them for the record.

In view of the statement in the first letter from Mr. Barker, we have received a second letter authorizing us to make public the statement Mr. Stans forwarded to the committee. So to keep the record straight and remove any misapprehensions, the committee will offer the documents in evidence to be received as an exhibit and appropriately numbered as such.

[The document referred to was marked exhibit No. 265.* At the request of the chairman, a letter to him, dated August 21, 1973, with attachment, is appended to exhibit 265 for the record on p. 5714. Subsequent to the hearing, another letter, dated November 13, 1973, was received by the chairman and is also included on p. 5733.]

Senator BAKER. Mr. Chairman, it has been pointed out to me by both Mr. Dash and Mr. Thompson that the reference by Mr. Stans that he has supplied the committee staff the newspaper articles he referred to, if we interpret that correctly, is apparently in error. I understand we do not have the newspaper clippings, and I assume counsel will then ask counsel for Mr. Stans to supply that so that the record will be complete.

Senator ERVIN. Do you have any more questions?

Mr. THOMPSON. Mr. Chairman, just one or two more questions.

Mr. PRIESTES, the reason I was asking you about the specific nature of the conversation was to determine the situation on one hand, when Mr. Stans was indicating he would try to do something for someone, who in effect, had given a substantial contribution, which would be proper or legal, or doing something improper or illegal on the other hand.

First of all, did you know that Mr. Stans had made inquiry of the Deputy Assistant Secretary of HUD?

Mr. PRIESTES. No, sir.

Mr. THOMPSON. This letter is dated March 14, which was the day after your meeting with him, was it not?

Mr. PRIESTES. Yes, sir.

Mr. THOMPSON. This is a response to Mr. Stans on official Department of Housing and Urban Development stationery?

Do you know why he would make this inquiry through official channels concerning the nature of your situation and was that in keeping with what he told you on that case?

Mr. PRIESTES. I don't know why he would, sir.

Mr. THOMPSON. That is all I have.

Senator ERVIN. Mr. Fernandez was engaged in raising campaign contributions for the Committee To Re-Elect the President? That is what he told you?

Mr. PRIESTES. Yes, sir, he told me that.

Senator ERVIN. You told him that you were in trouble on account of some controversy with the FHA?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. He told you that if you could raise \$100,000, he could help you out?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. And you did get a check from a friend for \$25,000 at the instance of Mr. Fernandez?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. The check was made to the RNC, the Republican National Committee?

Mr. PRIESTES. Yes.

Senator ERVIN. And you came to Washington at Mr. Fernandez' request?

Mr. PRIESTES. Yes, sir.

*See p. 5706.

Senator ERVIN. Mr. Fernandez accompanied you and made an appointment with Secretary Stans?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. And with Mr. Fernandez, you went to the office of Mr. Stans as chairman of the Finance Committee To Re-Elect the President, didn't you?

Mr. PRIESTES. I didn't go with him, I——

Senator ERVIN. You met him there?

Mr. PRIESTES. I met him there; yes, sir.

Senator ERVIN. Then you were introduced to Mr. Sloan and after you were introduced to Mr. Sloan, as I understand it, there was nothing said about any condition being annexed or anything about the agreement between you and Mr. Fernandez to Mr. Sloan. He was merely informed that you were a prospective contributor?

Mr. PRIESTES. I don't think Mr. Sloan was really informed about this.

Senator ERVIN. At any rate, Fernandez and you then went into Mr. Stans' office?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. And you had brought with you some newspaper clippings which showed that you were in trouble with FHA?

Mr. PRIESTES. At Mr. Fernandez' suggestion.

Senator ERVIN. Yes, sir, and you gave those clippings or scrapbook to Mr. Stans?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. And Mr. Stans looked through them?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. They stated that you were in trouble with FHA?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. Then you gave the check to Mr. Stans, didn't you?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. Mr. Stans discussed with you that it would be preferable to make the contribution in cash or to make it in the form of checks, either cashiers' checks or checks bearing the signature of people who had Spanish names?

Mr. PRIESTES. Sir, I am not exactly clear whether it was Mr. Stans or Mr. Fernandez. I think, to the best of my knowledge, it was Mr. Fernandez. It was quite a while ago, I am not really clear. But the suggestion was made; yes, sir.

Senator ERVIN. In the presence of Mr. Stans?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. And you indicated to Mr. Stans that you wanted some assurance, that you had expected him to call Mr. Romney, the Secretary of HUD?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. And you wanted some assurance that he would call Mr. Romney?

Mr. PRIESTES. For my contribution, yes, sir; I expected that.

Senator ERVIN. Then he told you that he would call Mr. Romney, and if he couldn't do anything for you, that he would return the check to you?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. And you left the check in his hands?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. Did you take the clippings with you or leave them there?

Mr. PRIESTES. I left the clippings with Mr. Stans.

Senator ERVIN. And after some days, some man whose name you do not recall or did not know returned the check to you in Florida?

Mr. PRIESTES. Yes, sir.

Senator ERVIN. How long after you left it with Mr. Stans?

Mr. PRIESTES. To the best of my knowledge, it was approximately 2 weeks.

Senator ERVIN. Thank you.

Senator Baker.

Senator BAKER. Mr. Chairman, thank you.

I have just one question. I believe, Mr. Priestes, you have heard the statement that Mr. Stans submitted?

Mr. PRIESTES. Yes, sir.

Senator BAKER. Do you disagree with it in any material respect?

Mr. PRIESTES. Well, basically, as I heard the statement read, I thought it was basically true.

Senator BAKER. Thank you, sir.

Senator ERVIN. Senator Inouye.

Senator INOUE. I have no questions, sir.

Senator ERVIN. Senator Weicker.

Senator WEICKER. How would you categorize what you were doing here? In other words, not speaking for anybody else involved in this rather extraordinary sequence of events, what did you think you were doing?

Mr. PRIESTES. I am not exactly clear—

Senator WEICKER. Let's categorize, what did you think you were doing?

Mr. PRIESTES. What did I think I was doing?

Senator WEICKER. Right.

Mr. PRIESTES. I thought I was paying \$25,000 down, with a promise to pay an additional \$25,000 for a political favor.

Senator WEICKER. A political favor or governmental favor?

Mr. PRIESTES. Well, I don't know how, exactly how to describe it. I don't know what type of favor you would describe it as. The end result was that I was going to be an eligible building contractor again. It would have been a favor.

Senator WEICKER. Did you think of this in your mind as a bribe to Government officials?

Mr. PRIESTES. I didn't give it a lot of thought as a bribe. No, I didn't really give it that thought. I just thought it was the way things are done.

Senator WEICKER. You know, I confess, even during the recounting of your story, I heard some laughter from time to time throughout this room. I tell you, I don't see much funny about this. I am sure you don't, either.

Mr. PRIESTES. No, sir.

Senator WEICKER. Let me ask you this question: The gentleman who testified before this committee this morning—I believe his name was Mr. Marumoto. Did you have occasion to see him on television as he was testifying?

Mr. PRIESTES. No, sir, I did not watch it.

Senator WEICKER. Have you ever met Mr. Marumoto?

Mr. PRIESTES. No, sir.

Senator WEICKER. I was wondering who the others were in that room on March 12. You say there were others in the room. One was named Manolo Casanova. He came from Miami.

Mr. PRIESTES. I just retraced that later, after—I had forgotten his name. Later on, in testimony before the FBI, I—actually, I heard that from the newspapers. I had forgotten what his name was and the newspaper reporters in Miami, Fla., asked me if I had known a Manolo Casanova. I didn't give them an answer, but at that time, I remembered that that was Manolo Casanova.

Senator WEICKER. How many other persons were in that room?

Mr. PRIESTES. To the best of my knowledge, there were two other persons in the room besides Mr. Manolo Casanova.

Senator WEICKER. Besides Manolo Casanova?

Mr. PRIESTES. And then, Mr. Fernandez.

Senator WEICKER. Besides yourself and Mr. Fernandez, there were two other persons?

Mr. PRIESTES. Yes, sir.

Senator WEICKER. But you do not know who they were?

Mr. PRIESTES. No, sir. They all heard the discussion about the ITT contribution though.

Senator WEICKER. When you say discussion, you mean—

Mr. PRIESTES. That was the reason I told them that they were hitting me too heavy. I said, because of this, this does not seem fair to me.

Senator WEICKER. Well, in other words, were the persons in that room then also aware of your problem and how you were going to resolve this problem?

Mr. PRIESTES. They seemed to be aware of the problem, because we discussed—I talked about coming down from \$100,000 to \$50,000. The main issue was this thing, this ITT thing. I did not think it was fair.

Senator WEICKER. So that the persons in the room on March 12 at the Hay-Adams were there when you actually walked into the room?

Mr. PRIESTES. Yes, sir.

Senator WEICKER. And were party to the conversations that you were having with Mr. Fernandez?

Mr. PRIESTES. Well, it was a very informal-type group. They were sitting there and it was not anything like walking silently and talking to you privately. It was nothing like that. I just told him, listen—I had just read the papers—I see where ITT got in some trouble for a \$200,000 contribution, something like that. I said, this is rather heavy for me to pay \$100,000.

One of the fellows said, well, the contribution was really \$400,000, something like that.

I said, I do not care. You are talking about one of the biggest corporations in the United States and I think I should get a better break.

Senator WEICKER. Well, I am still trying to pin down these other individuals. Did they appear to be associated with Mr. Fernandez?

Mr. PRIESTES. They definitely appeared to know Mr. Fernandez, because it was informal. As I recall, they might have had cokes or drinks or something. I was sitting—they were sitting like on the edge of the bed and the desk and they appeared to know what was going on.

Senator WEICKER. Did they have any comments to make on your own particular situation?

Mr. PRIESTES. No, but they seemed familiar with my situation, familiar basically, that I was contributing \$100,000.

Senator WEICKER. Now, the contacts that you had with Mr. Fernandez, your initial contact with Mr. Fernandez, am I correct in assuming from testimony that you have given that he seemed to know of your situation through—well, let me ask the question. Did he seem to know of your situation through the press, through friends of yours?

Mr. PRIESTES. He seemed to have known it through Latins in the Miami area and also through the press, possibly. It was well known, primarily through the Latins that told him about the papers. I did not really question him thoroughly as to how he found out about it.

Senator WEICKER. In any event, it did not seem as if—did it seem as if he were apprised of these matters through the FHA?

Mr. PRIESTES. No, sir. No, I do not think so, because I later, I told you, I—

Senator WEICKER. You called William Pelski, the FHA director at Coral Gables; is that correct?

Mr. PRIESTES. Yes.

Senator WEICKER. After your initial contact with Mr. Fernandez?

Mr. PRIESTES. Yes, I did.

Senator WEICKER. I notice in your witness summary here, it says that Pelski said, Fernandez was legitimate. Well, what was the nature of your question to Pelski and what was the nature of his response to you?

Mr. PRIESTES. Well, I told Mr. Pelski that I wanted to meet with him and I met with him at a restaurant, went into complete detail. I told him exactly what had happened. He did not seem like he knew exactly. I showed him the card and he wrote Mr. Fernandez' name down and also wrote the writing on there, which was Hispanic Finance Committee To Re-Elect the President.

He said he would make some calls and call me back later, which he did the next day.

Senator WEICKER. And then in the call back, they were legitimate? I mean, obviously, the word "legitimate," was that the substance of the telephone call, or what?

Mr. PRIESTES. Sir, when I said legitimate, I mean I do not exactly mean it. I mean that the job was going to be done, this was the way the job was to be done.

Senator WEICKER. In other words, then, I gather what you are telling me is, in your conversation with Mr. Pelski, you indicated to him that you looked upon this as a way of getting out of your difficulties with the FHA; is that correct?

Mr. PRIESTES. Yes, sir.

Senator WEICKER. So you were asking him for his analysis as to whether, in fact, this was a way of getting out of your difficulties with the FHA?

Mr. PRIESTES. Yes, sir.

Senator WEICKER. And he called you back and said, yes?

Mr. PRIESTES. He told me he would make a call and find out and he would get back with me the next day, which he did.

Senator WEICKER. Did he give you any idea as to whom he contacted to get this type of information?

Mr. PRIESTES. No, sir.

Senator WEICKER. He just called you back and said, indeed, this was a proper channel for you to get out of your predicament. But he in no wise gave you indication as to who he talked to? Did he tell you he got in touch with FHA or HUD or anyone?

Mr. PRIESTES. Sir, he made a telephone call. He said he had checked it out and that they could handle the job.

Senator WEICKER. Who could handle the job?

Mr. PRIESTES. The job could be handled through the Hispanic Finance Committee. He told me that the committee would be—the contribution, if I made the contribution, that the suspension would be lifted, that they could indeed handle that.

Senator WEICKER. So he indicated that he had been in touch with the Hispanic—

Mr. PRIESTES. No, sir, no, no. He did not indicate that. He indicated that he had been in touch with someone else.

Senator WEICKER. Were you ever in touch with anybody from—with the exception of Pelski—were you ever in touch with anyone from either HUD or FHA?

Mr. PRIESTES. Will you repeat that, please, sir?

Senator WEICKER. Aside from your contacts with Mr. Pelski, did you have any contact relative to this matter, which you have testified to before the committee, with any one from HUD or FHA?

Mr. PRIESTES. Do you mean was it ever mentioned to anyone?

Senator WEICKER. No, did you have contact with officials—did you have any contact with officials from HUD?

Mr. PRIESTES. No, sir.

Senator WEICKER. Aside from Pelski, did you have contact with anyone from FHA?

Mr. PRIESTES. No, sir.

Senator WEICKER. So your contacts in this matter were with Mr. Fernandez of the Hispanic Finance Committee, or whatever the committee name is, Mr. Sloan, and Mr. Stans of the Committee to Re-Elect the President?

Mr. PRIESTES. Yes, sir.

Senator WEICKER. And that is the sum total of your acquaintances as to your attempt, as you described it to us, to resolve your difficulties?

Mr. PRIESTES. Yes, sir.

Senator WEICKER. I have no further questions on this subject, Mr. Chairman.

Senator ERVIN. Senator Montoya.

Senator MONTOYA. Mr. Priestes, did you ever receive the newspaper clippings?

Mr. PRIESTES. No, sir.

Senator MONTOYA. They were kept by Mr. Stans?

Mr. PRIESTES. I do not know. I assume they were.

Senator MONTOYA. I was wondering why the statement was so accurate, the statement referred to a while ago.

Now, after you received the check, you made a call to Mr. Fernandez in California?

Mr. PRIESTES. Yes, sir.

Senator MONTÓYA. And Mr. Fernandez again solicited you for a cash contribution of \$5,000?

Mr. PRIESTES. No, I made the call. Mr. Fernandez told me he would call me back, he would check and call me back. He called me back 3 hours later, approximately 2 or 3 hours later.

Senator MONTÓYA. What did he say in that conversation?

Mr. PRIESTES. At that time, it seemed like I was talking to a different man. He said, well, we cannot help you, we cannot do you any good. You can make a contribution of \$5,000 if you would like.

I said, well, wait a minute. I said, what can I get for the \$5,000? He said, well, we cannot promise you anything at all for the \$5,000. He said, we would like you to make the \$5,000 donation, but the only thing we can do is, he said, we will make it known.

I said what about the other deal?

He said, no, we never promised you anything like that at all.

Senator MONTÓYA. What do you have to say about the fact that the memorandum came from HUD to Mr. Stans on March 14 indicating that you were under charges before HUD and that you were under investigation by the Department of Justice and by HUD, and that, therefore, they should forget about this contribution, and then they waited 2 weeks until they gave you back the check?

Mr. PRIESTES. Just a minute. You said what do I have to say about the fact that—the question was sort of lengthy. I got lost.

Senator MONTÓYA. Well, HUD informed Mr. Stans—

Mr. PRIESTES. Yes, sir.

Senator MONTÓYA (continuing). On or about March 14, as I recall that you were under investigation by HUD and by the Department of Justice, and you did not receive the check until 2 weeks later. Was that not kind of strange?

Mr. PRIESTES. Yes, sir.

Senator MONTÓYA. Was that not kind of strange?

Mr. PRIESTES. Well, I thought it was strange; yes, sir.

Senator MONTÓYA. And I think the statement by Mr. Stans indicated that he had passed on this information to Fernandez to forget about you. Therefore, is it not kind of strange that Mr. Fernandez still continued to solicit you the day after he got the check?

Mr. PRIESTES. Yes, sir. Well, I thought it was strange, and I tell you, in my home, I have a recorder that records telephone calls when I am not there. Mr. Fernandez had called a few times and the message was on a tape. I assumed that he thought, possibly, he did not want to discuss this too much on the phone, maybe he would think it would be taped or something, I do not know. Then he called later and he was talking in circles. I did not understand him.

Senator MONTÓYA. What did he say to you on the day that he was soliciting the \$5,000 contribution?

Mr. PRIESTES. That was the phone call—said that he could not do anything—no, he said he never promised me anything.

I said, well, I wanted what I had made the \$25,000 check out for, why I did that.

He said, well, we never promised you anything at all. He said, we would like you to make a \$5,000 contribution, legitimate, whatever, and we could not do anything for you but just let it be known that you had made this contribution.

I still don't know why he went from \$25,000 to \$5,000. He denied that he even asked for the—that he could do anything. It was a riddle why, all of a sudden, it was \$25,000 and now down to \$5,000 with no promise of anything.

Senator MONTROYA. Didn't it appear strange to you that out of a clear, blue sky, Fernandez from California would knock at your door and ask for a \$100,000 contribution?

Mr. PRIESTES. He didn't knock at my door, sir, but he did call me on the phone.

Well, it didn't appear strange. He had told me that he was collecting funds for the Latin group, the Hispanic Finance Committee, and I didn't think it strange, because he had told me he had been to a party and met other builders and building contractors and my name was mentioned as a potential contributor.

Senator MONTROYA. Why would he cite an amount to you for a contribution?

Mr. PRIESTES. Pardon?

Senator MONTROYA. Why would he tell you to contribute \$100,000?

Mr. PRIESTES. You mean why the high amount? Well, he mentioned that at this party, they had told him that I could afford that amount. That is the way I got it, that it was a good round number.

Senator MONTROYA. Now, what did you tell Mr. Pelski when you made inquiry about Fernandez?

Mr. PRIESTES. I told him exactly what happened and I told Mr. Pelski—showed him this card and I told him that they had promised that it could be done for me. He then told me he would make a call and check on it and get back with me.

Senator MONTROYA. Why did you go to Mr. Pelski to check on Fernandez when you knew that Fernandez was from California?

Mr. PRIESTES. Mr. Pelski—I had an association with him.

Senator MONTROYA. What indication did you have that Mr. Pelski would be the man to check on Fernandez?

Mr. PRIESTES. I understand the question, but I don't—I knew Mr. Pelski very well.

Senator MONTROYA. That is all.

Thank you, Mr. Chairman.

Mr. DASH. I have just a couple of questions.

Mr. Priestes, when Mr. Fernandez first discussed what help he might be able to obtain for you, according to your testimony, for your contribution, did he put it on the basis that he could help you obtain a fair trial or a fair hearing?

Mr. PRIESTES. No, sir. I expected to receive a fair trial without paying any money. I mean it was not—there was nothing to do with a fair trial, a fair hearing.

Mr. DASH. That was not mentioned at all?

Mr. PRIESTES. No, because I made it clear that was not what I wanted. I said I didn't want to make a contribution, I was not interested.

Senator ERVIN. You were like one of my clients I had one time. He asked me what I could do and I said, I will try to get you justice. He said, that is the last thing in this world I want. [Laughter.]

Mr. DASH. Now, did Mr. Fernandez, during his discussion with you at any time, tell you that he expected to obtain any high Government appointment?

Mr. PRIESTES. Yes, sir, he did. He told me he expected to be appointed as Secretary of Commerce.

Mr. DASH. When did he tell you that?

Mr. PRIESTES. At the very first meeting. He told me that he was trying to raise funds and he was doing as good a job as possible and he had hoped that he would obtain that position—was looking forward to it.

Mr. DASH. Now, you responded to a question put to you when you heard Mr. Stans' statement that essentially, that was a truthful statement. The one specific thing I wanted to know, wanted to keep for the record, as I recall your prior testimony, that it is your testimony that when you were with Mr. Stans, you told Mr. Stans you expected him to call Mr. Romney at that time and that he told you he would call later?

Mr. PRIESTES. Yes, sir. Words to that effect.

Mr. DASH. Did you mention Mr. Romney's name?

Mr. PRIESTES. Yes, sir.

Mr. DASH. And did he say he would call you later? That is not in the statement.

Mr. PRIESTES. He said he would call later or he said he would make a call. That was the main reason for the contribution to begin with, not that I wanted to make a contribution at all. The main reason was what could be done.

Mr. DASH. All right, now, just prior to this event, you never met Mr. Fernandez before?

Mr. PRIESTES. No, sir.

Mr. DASH. You never had any dealings with Mr. Stans?

Mr. PRIESTES. No, sir.

Mr. DASH. Or anybody else at the Committee To Re-Elect the President?

Mr. PRIESTES. No, sir.

Mr. DASH. You have already been sentenced, is that true?

Mr. PRIESTES. Yes, sir.

Mr. DASH. Is there any benefit that you may receive as a result of giving this testimony before this committee?

Mr. PRIESTES. I have no benefit at all right now, sir.

Mr. DASH. Do you harbor any grudge against Mr. Fernandez, Mr. Stans, or anybody you testified about?

Mr. PRIESTES. No, sir, I have no grievance of any kind.

Mr. DASH. As a matter of fact, we approached you for this testimony, did we not?

Mr. PRIESTES. Yes, sir.

Mr. DASH. I have no further questions.

Senator BAKER. Mr. Chairman, might I say that I have been advised by Mr. Thompson since my previous statement that we have now received or the staff has now received the newspaper clippings which were referred to. If there is no objection Mr. Chairman, we will ask that they go into the files of the committee for appropriate reference.

Senator ERVIN. I will say counsel can look at them and see what they offer and just be put in the files.

[The documents may be found in the files of the committee.]

Mr. THOMPSON. I might point out the letter was correct, they were in our files. They had not come to Mr. Dash's or my attention before this time.

Senator ERVIN. Mr. Priestes, I want to thank you on behalf of the committee for your appearance today. You didn't ask immunity and we want to thank you for your cooperation.

Mr. PRIESTES. Thank you, sir.

Senator ERVIN. The committee will stand in recess until 10 o'clock tomorrow.

[Whereupon, at 5 p.m., the committee recessed to reconvene at 10 a.m., Thursday, November 8, 1973.]

THURSDAY, NOVEMBER 8, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to recess, at 10:05 a.m., in room 318, Russell Senate Office Building, Senator Sam J. Ervin, Jr., chairman.

Present: Senators Baker (presiding), Talmadge, Montoya, and Weicker.

Also present: Samuel Dash, chief counsel and staff director; Fred D. Thompson, minority counsel; Rufus L. Edmisten, deputy chief counsel; David M. Dorsen and James Hamilton, assistant chief counsels; Barry Schochet, W. Dennis Summers, and Alan Weitz, assistant majority counsels; Michael J. Madigan and Robert Silverstein, assistant minority counsels; Jed Johnson, investigator; Pauline O. Dement, research assistant; Eiler Ravnholt, office of Senator Inouye; Bruce Jaques, Jr., office of Senator Montoya; Ron McMahan, assistant to Senator Baker; Emily Sheketoff, assisting Senator Weicker; John Walz, publications clerk.

Senator BAKER. The committee will come to order.

The chairman is unavoidably detained with other duties this morning and he asked me to open the hearings and proceed. He announced he will be here shortly.

Counsel will call the first witness, please.

Mr. DASH. Mr. Benjamin Fernandez.

Mr. Chairman, Assistant Chief Counsel David Dorsen will question the witness.

Senator BAKER. Will the witness please stand; hold up your right hand, please.

Do you solemnly swear that the testimony you will give before this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FERNANDEZ. I do.

Senator BAKER. Thank you, sir. Would you be seated?

Mr. Dorsen.

Mr. DORSEN. Mr. Fernandez, I see you are accompanied by counsel. Will counsel please identify themselves?

Mr. JACOMINI. Clement Jacomini, Los Angeles, Calif.

Mr. ELY. I am Nathaniel Ely of Washington, D.C., and Maryland.

Mr. DORSEN. Mr. Fernandez, I understand you have an opening statement to read.

**TESTIMONY OF BENJAMIN FERNANDEZ; ACCOMPANIED BY
CLEMENT H. JACOMINI AND NATHANIEL J. ELY, COUNSEL**

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. Would you please go ahead and read it?

Mr. FERNANDEZ. My name is Benjamin Fernandez. My address is 19913 Blackhawk Street, Chatsworth, Calif. I am an economist.

I have been active in community and civic affairs for the past 10 years. Currently, I serve as a trustee of the Claremont University Center, Claremont, Calif.; as a trustee, the Council on Opportunity in Graduate Management Education, Cambridge, Mass.; as a member of the board, the National Center for Voluntary Action; and a member of the board of the President's National Council for Minority Enterprise.

Previously, I served as board chairman/president of the National Economic Development Association, which was established to foster the free enterprise system among the Spanish-speaking people of the United States. I served in this position as a full-time executive without compensation.

Knowing that Maurice H. Stans, then Secretary of Commerce, was soon to become chairman of the Finance Committee To Re-Elect the President, I asked him for permission to organize the National Hispanic Finance Committee for the Re-Election of the President. On February 24, 1972, permission was granted, and I became chairman of the committee, reporting directly to Secretary Stans.

Spanish-speaking Americans responded to the President's positive programs, and it was my good fortune to be included among the Spanish-speaking leadership in the 1972 Presidential campaign.

The formation of the National Hispanic Finance Committee meant that for the first time in our Nation's history, the Spanish-speaking people were invited to participate in an up-front manner during a Presidential campaign.

Hundreds of people like myself who had never been involved in a political campaign of any type, donated our time, our money, and our energies to return to office a President who had, by his actions, embraced us as first-class citizens. We were totally committed. Indeed, our dedication has not wavered.

We are proud of our modest accomplishments in 1972, and look forward to further participation in the political process of our country.

As a result of the administration's program for minority citizens nationwide, the percentage of Spanish-speaking voters casting ballots for the Republican nominee increased from approximately 6 percent in 1968 to about 35 percent in 1972.

I like to think that the efforts of the National Hispanic Finance Committee contributed substantially to this dramatic increase. For the first time in our Nation's history, hundreds of thousands of Spanish-speaking voters became viable participants in our two-party system of Government.

The final financial statement of the National Hispanic Finance Committee was filed with the Comptroller General of the United States on August 31, 1973. To my knowledge, the figures contained in this report reflect a true and accurate accounting of all moneys collected and expended by the National Hispanic Finance Committee for the Re-Election of the President.

I think it is vital to note that more than 75 percent of these campaign funds were in contributions of \$100 or less.

To my knowledge, in no single instance was there ever offered a promise of political favoritism, coercion, or other similar tactic employed in the solicitation, collection, or expending of these campaign contributions.

Yesterday, I sat in this hearing room while a man named John Priestes did everything in his power to stain my good name and that of the National Hispanic Finance Committee.

I am appalled, shocked, and disgusted with the tenor of his testimony. I am now forced to defend myself against these accusations. Indeed, his allegations against me and the committee—the National Hispanic Finance Committee—are so onerous, that had I not been asked by the Senate committee to testify, I would have demanded the opportunity to address this committee.

For reasons known only to himself, Mr. Priestes has completely misstated the facts. For example—

1. He testified that I called him at his home and introduced myself as a fundraiser on behalf of the President. This statement is totally false—his associates asked me for an appointment to accept his contribution.

2. He testified that prior to our meeting I was fully aware of his problems with HUD and FHA. This statement is totally false. I did not even know he had problems until I met him. At that time he told me that he was a victim of a bad press. To this day I know nothing of the nature or extent of his problems.

3. He testified that I asked him for a \$100,000 campaign donation. This statement is totally false. I never asked him for a dime. He told me that he was going to make a contribution of \$25,000.

4. He testified that in exchange for a \$100,000 donation I would guarantee to solve his problems with HUD and FHA. This statement is totally false. He was never promised any favors, directly or indirectly, in exchange for his donation.

5. He testified that I asked him for three checks: The first one being in the amount of \$25,000. This statement is totally false. He volunteered to make a \$25,000 donation which would be paid by one check.

6. He testified that on March 12, 1972, he met me and two other men in my room at the Hay-Adams Hotel, Washington, D.C. This statement is true.

He testified that he complained that I.T. & T., with a \$200,000 donation, had managed to solve some of its Government problems, that he was just a little guy and therefore he was going to reduce his donation to \$50,000. This statement is totally false. At no time was there ever a discussion with Mr. Priestes about I.T. & T.'s problems, nor was there a discussion at the hotel or elsewhere about a reduction in his donation because of I.T. & T.'s donation.

7. He testified on numerous occasions that he was asked to make his donation in cash. This statement is totally false. At no time was Mr. Priestes, to my knowledge, ever asked to make a cash donation.

8. He testified that at the meeting in Mr. Stans' office he asked Mr. Stans to pick up a telephone and call Secretary Romney about his troubles with HUD. This statement is totally false. I was present during the meeting, and at no time did he ask Secretary Stans to call anyone.

Gentlemen, it is my unshakable belief that the American system of fair play will prevail, not only in politics but in our day-to-day experiences. Defending myself as I have done today might deter some people from participating in the political process. I am not deterred. I am more convinced than ever that I must continue to work with the Spanish-speaking people, that this must be a lifetime commitment on my part.

I will continue to give of my time and energy, in the full belief that our people will continue to move upward in our society, participating fully in every aspect of our society.

Thank you.

Mr. DORSEN. Thank you, Mr. Fernandez.

Before we turn to the testimony of Mr. Priestes, I would like to ask you some questions concerning your background and the background of the formation of the National Hispanic Finance Committee.

Could you first tell us how the committee came to be formed?

Mr. FERNANDEZ. Yes, sir.

I conceived the idea of a national unity effort on the part of the Spanish-speaking people with respect to the Presidential campaign. I had just recently completed a tour of service wherein I worked with the Spanish-speaking people in the field of economic development, and it was that experience that proved to me that the Spanish-speaking people, of which the three major groups are the Mexican American, the Puerto Rican, and the Cuban American, could indeed work together on a unified basis. I conceived the idea of developing a national organization which would participate in the Presidential campaign, collecting funds from all over the United States, with the idea of supporting a President who had done so much on our behalf.

I presented my idea to Secretary Stans, who was still Secretary of Commerce at the time, inasmuch as I knew that he was soon to become the finance chairman of the Finance Committee To Re-Elect the President. Mr. Stans thought it was a good idea and asked me to put it in writing and to submit it to Hugh Sloan, who then was chairman of the Finance Committee To Re-Elect the President. I prepared a complete report outlining the objectives, the management principles, the methodology, goals, the merchandising techniques, a management team—things of that sort. That report was submitted not only to Mr. Sloan but to Mr. Odell, at the Republican National Committee, the President, the Vice President, anyone that I thought might be in a position to help us in getting approval of this effort, something that had never been done before by the Spanish-speaking people.

On February 15, Secretary Stans became chairman of the Finance Committee To Re-Elect the President. On February 24th, he issued a letter authorizing the organization of the National Hispanic Finance Committee.

Mr. DORSEN. Now, Mr. Fernandez, what was the goal of the National Hispanic Finance Committee?

Mr. FERNANDEZ. We set a goal of \$1 million for the first time out. However, when it was discussed with Secretary Stans, he smiled and said, "Mr. Fernandez, if you can get a million dollars from the Spanish-speaking people, having started at a point less than zero, that will be a miracle. If you can break out—your committee can break out even, we will be pleased and delighted because it will not have cost

the campaign 5 cents to have this major national effort. If you can show a profit, we will be thrilled, because this would be an unbelievable accomplishment."

At no time did we believe that we would actually hit the \$1 million goal. But we certainly tried.

Mr. DORSEN. I gather you tried to come as close to \$1 million as possible, is that correct?

Mr. FERNANDEZ. Yes.

Mr. DORSEN. Now, with respect to your own personal situation, I gather you served without any compensation, is that correct?

Mr. FERNANDEZ. Yes, sir. I took off approximately 9 to 10 months from my own business and worked as a full-time national chairman of the National Hispanic Finance Committee with no compensation whatsoever. I was a full-time volunteer.

Mr. DORSEN. I gather, however, that you were interested perhaps in some Government service should President Nixon be reelected. Is that correct?

Mr. FERNANDEZ. Yes, sir, that had occurred to me.

Mr. DORSEN. What kind of position were you interested in?

Mr. FERNANDEZ. A Cabinet post or under-secretaryship.

Mr. DORSEN. Am I correct that when people asked you why you were doing this, in addition to stressing the goal of the Spanish-American people and what President Nixon did for them, you would at times get around to talking about what your personal role might be in the future administration, is that correct?

Mr. FERNANDEZ. No, not really. I was not looking for a job. I took on the assignment with no promises of appointment whatsoever by Secretary Stans or anyone in the administration. Inevitably, the conversation would lead to my own future, but it was brought about by people who saw me in action during this campaign, who saw me on television, who heard me on radio, who read about me in newspapers, and speculation ran wild throughout the country among Spanish-speaking people that perhaps I would be the first Spanish-speaking member of a Presidential Cabinet.

Mr. DORSEN. So, you were hoping that you would be the person to benefit from the recognition that the campaign effort might produce, is that right?

Mr. FERNANDEZ. No, that is not accurate at all, sir. I was hoping that if the President in his wisdom saw fit to appoint someone like myself to a Cabinet post, I would be pleased and delighted. But if it were someone else, I would still be pleased and delighted.

Mr. DORSEN. Your background is as an economist, is that correct?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. Is one of the positions you thought you might be qualified for, that of Secretary of Commerce?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. And do you believe you might have mentioned this to Mr. Priestes?

Mr. FERNANDEZ. I don't recall ever mentioning anything of that particular effect to Mr. Priestes.

Mr. DORSEN. But is it quite possible that you did mention it?

Mr. FERNANDEZ. It is possible.

Mr. DORSEN. How were the funds sought to be raised in connection with the effort to get \$1 million?

Mr. FERNÁNDEZ. Initially, we went to the direct contribution route, asking members of our executive committee, for example, to make a \$1,000 donation. We also had a national advisory council. Each of the States in which we worked, in which we had committees, had an advisory staff. They were asked to make direct contributions, but the direct contribution route ended very swiftly because that is a very tough proposition, and our people, the Spanish-speaking people, don't have a track record of making donations, and it was—we had a lot of pioneering work that had to be done.

Mr. DORSEN. Am I correct that you solicited campaign contributions for the National Hispanic Finance Committee from individuals other than Spanish-speaking persons?

Mr. FERNÁNDEZ. Yes, on occasion. I have a lot of non-Spanish-speaking friends, for example, and I would have no reluctance whatsoever to ask them to make a donation to the National Hispanic Finance Committee. A lot of people who identify with the problems, Spanish-speaking people, and were interested in seeing to it that we came as close to our goals as possible.

Mr. DORSEN. Am I correct that the goal would be measured by deposits or contributions to the National Hispanic Finance Committee? Is that correct?

Mr. FERNÁNDEZ. Yes, sir.

Mr. DORSEN. And that payments or contributions or checks made out to some other organization would not count toward your goal?

Mr. FERNÁNDEZ. No. That is not accurate. For example, if a check were made, a donation were made out to one of the many committees authorized by the Finance Committee to Re-Elect, those funds would be credited to our committee.

Mr. DORSEN. You were stressing your role, of course, as chairman of the National Hispanic Finance Committee; is that correct?

Mr. FERNÁNDEZ. In regard to what? When you say I was stressing my role.

Mr. DORSEN. With respect to solicitation of campaign contributions.

Mr. FERNÁNDEZ. Not really. I was the national chairman. My name appeared on the letterhead, which spoke for itself. My job primarily was to organize a national effort. My job primarily was to identify Spanish-speaking leadership throughout the United States. Then once having done that, recruit them to our program. Then motivate them, and give them an outline as to how they should organize their States. Then my job was to submit different financial programs to each of the State chairmen. On numerous occasions I was the keynote speaker, both in Spanish and in English, in different States throughout the country. But—and I would be introduced as the national chairman of the National Hispanic Finance Committee for the Re-Election of the President.

Mr. DORSEN. I gather because——

Mr. JACOMINI. May we have a moment?

Mr. FERNÁNDEZ. Sir, if I can just add to my last answer, the tenor of the questions and answers right now pertain to monetary goals. Now, this was a means to an end, achievement of donations on behalf

of the President. I had two major motivating factors in getting involved and it certainly was not an appointment for Ben Fernandez. First, I was primarily concerned in terms of bringing the Spanish-speaking people into the two-party system of our Government. Some 85 or 90 percent of the Spanish-speaking people in this country are registered Democrats and in my judgment this is to the disadvantage of the Spanish-speaking people. And it was my hope and expectation that as a result of my efforts with the National Hispanic Finance Committee we could swing many of the Spanish-speaking people into the Republican Party.

Second, I was truly motivated and turned on by the efforts made on behalf of the Spanish-speaking people by the President of the United States. His track record on our behalf is unbelievable. And it was my hope and expectation that Spanish-speaking people throughout the United States would agree with me and work with me toward his reelection.

MR. DORSEN. Mr. Fernandez, were you, during 1972, familiar with some of the matters that came out yesterday during Mr. Marumoto's testimony concerning the effects of the executive branch of the Government to give contracts to Spanish-speaking companies favorable to the administration, and deprive companies that were unfavorable to the administration in terms of these contracts?

MR. FERNANDEZ. No, sir.

MR. DORSEN. So that was not known to you when you made your decision?

MR. FERNANDEZ. That is correct. I knew that nationally there was a major effort on the part of the administration to award contracts to Spanish-speaking businessmen. This was part of the 8(a) program which is administered by the Small Business Administration which makes provisions for the awarding of contracts to minority entrepreneurs. This is a program that had been in operation for some 3 years. I was fully aware of that aspect of the administration's efforts to award contracts, but I was not aware of any program, official or unofficial, on the part of the administration to use this program as a political tool.

MR. DORSEN. You mentioned a minute ago the question of various State committees. How many State committees were there?

MR. FERNANDEZ. Let's see. We had a committee in California, Colorado, Arizona, Texas, Illinois, New York, and Florida.

MR. DORSEN. And in your own mind, did you have a particular State that you thought would be most successful?

MR. FERNANDEZ. Yes, sir.

MR. DORSEN. And what was that?

MR. FERNANDEZ. Florida.

MR. DORSEN. And is that the State that you chose to initiate your fundraising efforts?

MR. FERNANDEZ. Yes, sir; we needed a model to show the Spanish-speaking people throughout the United States as to what could be done by management, careful organization, solid management techniques. We selected Florida as the target State for several reasons.

First of all, the State of Florida has a heavy Spanish-speaking population, of which the most are Cuban Americans.

Second, the Cuban Americans are very sensitive to the political process because so many of them did not participate in the political

process in Cuba and it resulted, of course, in a situation where they were deprived of everything that they owned. They came to the United States pledging that they would never again permit themselves to be used in such a way that they could not participate in the political system.

Furthermore, they were very—as a whole they are very staunch Republicans. Consequently, it was my reasoning that they would be more responsive to the program which I have outlined to this committee today, and as it turned out, my thesis was verified by the splendid action of the Cuban Americans in Florida.

Mr. DORSEN. Let me turn to the time when you first heard the name John Priestes. How did that come about?

Mr. FERNANDEZ. Soon after I held a press conference in Miami, in Spanish, to announce the organization of the National Hispanic Finance Committee, one of the members of the organization in Florida held a cocktail party at his home. There must have been 100 to 150 Cuban Americans, primarily Cuban Americans, at that cocktail party. I was invited to be the keynote speaker, to address the group. I did. During the course of the evening, of course, I tried to meet every person in the room. I met some Cuban-American businessmen who indicated to me that they knew of a dynamic, aggressive, young multimillionaire who wanted to make a donation to the Presidential campaign of some \$50,000. Naturally I was pleased and delighted to learn of this situation.

I was asked whether I could meet with him in my hotel and I informed the Cuban Americans that I would be delighted to do so. I met Mr. Priestes the next day in my hotel.

Mr. DORSEN. How was the meeting actually set up?

Mr. FERNANDEZ. One of his associates called me and asked me to set up the meeting at a given time. I agreed to the meeting and Mr. Priestes came to the hotel and came to my room and proceeded from that point on.

Mr. DORSEN. Do you know the name of the associate that set up the meeting?

Mr. FERNANDEZ. No, sir; I do not.

Mr. DORSEN. Do you recall being interviewed on October 19 by members of the staff of the committee?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. And do you recall at that time stating that you believed that the associate was Mr. Carlos Nunez?

Mr. FERNANDEZ. Yes, sir, I do, but it is sheer speculation. As I stated at that time also, I identify Mr. Nunez with Mr. Priestes because they have some sort of a business relationship and I recall discussing Mr. Priestes with Mr. Nunez, but I am not positive that Mr. Nunez was the man that set up the meeting.

Mr. DORSEN. Do you know that members of the staff of this committee have interviewed Mr. Nunez in Florida?

Mr. FERNANDEZ. No; I do not.

Mr. DORSEN. And do you know what he told members of the staff?

Mr. FERNANDEZ. No, sir; I do not.

Mr. DORSEN. So, are you stating that whatever he told the staff is unknown to you and would not form any basis of your present recollection that it might not have been Mr. Nunez?

Mr. FERNANDEZ. That is correct.

Mr. DORSEN. What happened at the meeting with Mr. Priestes?

Mr. FERNANDEZ. Mr. Priestes came in and sat down by the desk and told me that he was prepared to make a donation to the President's campaign effort. I told him I was pleased and delighted to meet him and that I—I told him that I had been informed that he was going to make a \$50,000 donation. He said that is incorrect. It is my intent to make a \$25,000 donation which is still a considerable amount of money, and I agreed, and I was pleased and delighted that he was going to make a donation of that amount.

I asked him if he had brought his check, donation. He said he had not but that he would give it to me at a ball which was to be held in one of the hotels in Miami. I agreed that I would meet him there and he would make his donation at that time.

Then he said, "Now, Mr. Fernandez, I have a problem that I want to discuss with you." I said, "Certainly." Anyone that makes a \$25,000 donation, I will be happy to listen to him all day long. He sat down and told me that he was a victim of a bad press, that the Miami Herald was harassing him; that he was a contractor that had been involved in the construction of low-cost housing and that his company, because of his ability, had been able to garner some 85 percent, 80 percent of the total contracts being awarded by HUD in his area; and that as a consequence, the local newspaper was carrying on a program against him almost on a daily basis. He had with him, as evidence of this harassment, a stack of newspaper articles showing the headlines, showing photographs of his housing tracts and what have you. He handed me items and I just thumbed through them because I did not have time to go through a massive file of newspaper clippings, and he said that he was sure that he was being investigated at the time. He told me that his main concern was that I give him assurances that he would have a fair investigation, a fair hearing, because he was concerned about the outcome of the investigation as a result of a newspaper harassment.

I told him, "No. 1, I cannot give you any assurance of that kind, but No. 2, Mr. Priestes, have you done anything illegal or immoral with respect to your business activities?" He told me, "Absolutely not." I then told him, then you have nothing to worry about. He says, "Well, I am worried. This is my bread and butter, my livelihood." I then told him, "The only thing I can do, Mr. Priestes, I can call Secretary Stans and arrange for you to repeat your story to him. I cannot do anything for you." He leaped at the opportunity and said that he would be pleased if something like that could be arranged.

About at that point the conversation ended and that was the last time I saw him for a few days.

Mr. DORSEN. With respect to that meeting, Mr. Fernandez, is it your testimony that the first time you were aware of any problem on the part of Mr. Priestes was when he told you about it following the discussion of the \$25,000 contribution?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. And if Mr. Nunez recalled, that at the party where you and he discussed Mr. Priestes, he told you that Mr. Priestes may not be willing to make a contribution because of his problems, would you say that that was incorrect?

Mr. FERNANDEZ. Yes; I would say that that is incorrect.

Mr. DORSEN. So you would be prepared to stand by your testimony even if Mr. Nunez' recollection was that he told you Mr. Priestes was having problems and, therefore, might not be willing to make a contribution at this time?

Mr. FERNANDEZ. That is correct, because no such conversation took place between Mr. Nunez and myself.

One thing that I would like to stress to this committee—this was the first cocktail party on behalf of the President by the National Hispanic Finance Committee. As I testified a few minutes ago, there were between 100 and 150 people there and I do not think I knew more than three or four in that entire room. So being the national chairman of the National Hispanic Finance Committee, I was being pulled on and tugged on by every person in that room. I was being introduced to every person in that room. I gave the keynote speech that night.

I do not recall making any, having any discussion regarding donations to the President along the lines that have been suggested by your question.

Mr. DORSEN. But now, you are saying it is possible because you were in effect the guest of honor and might have heard it?

Mr. FERNANDEZ. No, it is not possible. That discussion with Mr. Nunez never took place.

Mr. DORSEN. Mr. Fernandez, when for the first time did you hear a particular sum of money mentioned as a contribution or anticipated contribution of Mr. Priestes?

Mr. FERNANDEZ. The Cuban Americans who arranged for the meeting between Mr. Priestes and I are the individuals who mentioned that he was prepared to make a donation of \$50,000. At no time, in any of my conversations with Mr. Priestes, was a figure of \$100,000 ever mentioned, which I keep seeing in the record and some of the statements which have been made by Mr. Priestes.

Mr. DORSEN. So is it your testimony, then, that you never on any occasion even alluded to the figure of \$100,000 with Mr. Priestes and that Priestes never, in any conversation with you, alluded to the figure of \$100,000 to you?

Mr. FERNANDEZ. That is correct, sir.

Mr. DORSEN. And is it also fair to say—well, let me ask the question, if I may. Did you ever tell anybody that you thought Mr. Priestes would, or might, give \$100,000 to the Republican effort?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. And in your conversations with anybody—whether Mr. Stans, Mr. Sloan, your associates, other people—did you tell any of them that Mr. Priestes might give a contribution of \$100,000?

Mr. FERNANDEZ. No, sir, the only time the figure of \$100,000 ever developed throughout the campaign was from several Cuban Americans in the Miami area at the beginning of the campaign who were so committed about what we were doing, who were so committed about participating in the Presidential campaign, actually pledged that they would raise \$100,000. The fact that they did not raise 5 cents was beside the point. They were very committed and enthusiastic about it. Indeed, one of the fellows that pledged \$100,000 is an M.D. who is a member, who was a member of the Florida Advisory Council of the

National Hispanic Finance Committee. But that is the only time the figure of \$100,000 ever came up.

Mr. DORSEN. Did you ever repeat the possibility that Mr. Priestes might give \$100,000 to anybody? That is really what I am focusing on.

Mr. FERNANDEZ. No, sir, that situation never occurred at any time during the course of this campaign with respect to Mr. Priestes.

Mr. DORSEN. Did Mr. Priestes at that meeting tell you why he wanted to give \$25,000 or any other sum to the President's campaign?

Mr. FERNANDEZ. Yes, I have already testified; not in conjunction with the effort, because I kept a line of demarcation between a donation and the conversation I held with Mr. Priestes. There was no quid pro quo involved with respect to any donation, any time, anywhere, during the 1972 campaign. He did—after the discussion of his donation—he did discuss with me the fact that he had this problem with the Miami Herald.

Mr. DORSEN. Well, here's a man, as you learned after those meetings, that was having a problem with the Federal Government, is that correct?

Mr. FERNANDEZ. No, he told me he was a victim of the press. To this day, I don't know that he had problems with the Government. My total conversation with him was the harassment that he claimed he was getting from the Miami Herald. That was the tenor of our discussion.

Mr. DORSEN. But you knew the problems were serious enough so that a hearing of some sort, or some proceeding was anticipated, is that correct?

Mr. FERNANDEZ. All I know is what he told me.

Mr. DORSEN. Did he tell you that some sort of hearing was anticipated that could cause him some problems?

Mr. FERNANDEZ. Yes, he did.

Mr. DORSEN. Did he indicate to you why he was interested in giving \$25,000 in the midst of all this trouble?

Mr. FERNANDEZ. No, sir, he did not.

Mr. DORSEN. Do you know why a person under that sort of pressure was willing to make a donation of \$25,000?

Mr. FERNANDEZ. No, sir, I would not care to speculate as to what his motives were.

Mr. DORSEN. Do you know why you were chosen as the vehicle for him to make a \$25,000 contribution?

Mr. FERNANDEZ. Yes; I assumed that I was the man involved because I was head of the Spanish-speaking financial effort and the person that introduced me to Mr. Priestes was a Hispano, like myself, and it was only normal and natural that he should come to me with his offer to make a donation.

Mr. DORSEN. But Mr. Priestes is not Spanish-speaking, is that correct?

Mr. FERNANDEZ. That is correct. However, some of his associates are.

Mr. DORSEN. But this was Mr. Priestes' contribution we are talking about?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. And presumably, if he wanted to have somebody's ear to discuss the problems he was having, then he could choose other persons if he so wished, is that correct?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. But he chose you?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. And in effect you are saying that through his associates he came to you to give a contribution, and completely independently, discussed the problem he was having with the Government?

Mr. FERNANDEZ. That is correct.

Mr. DORSEN. Do you know whether Mr. Priestes is a Democrat or a Republican?

Mr. FERNANDEZ. I do not know.

Mr. DORSEN. Do you know whether he played any role whatsoever in any other political campaign?

Mr. FERNANDEZ. I don't know anything about Mr. Priestes other than what I am prepared to testify to today.

Mr. DORSEN. Did he indicate whether he was at all interested in politics?

Mr. FERNANDEZ. No, sir, I didn't discuss politics with him.

Mr. DORSEN. Did he indicate why it was Mr. Nixon to whom he wanted to contribute?

Mr. FERNANDEZ. No.

Mr. DORSEN. Do you have any explanation why he would give \$25,000?

Mr. FERNANDEZ. No; and to be frank with you, I really didn't care. If the man wanted to make a \$25,000 donation to the Presidential campaign, I was pleased and delighted to meet him. I would have been pleased and delighted to have accepted his donation.

Mr. DORSEN. Did he indicate whether he expected to have any difficulty in raising the \$25,000?

Mr. FERNANDEZ. He might have, but I don't recall. It is possible.

Mr. DORSEN. Didn't this sound strange, that a person in the midst of trouble would want to make a \$25,000 contribution for no apparent reason and indicate at the same time that he was having difficulty raising the money?

Mr. FERNANDEZ. I didn't find it strange. It has been my experience in economics and finance that people with a heavy net worth generally have a cash-short situation. They generally invest in land, stocks; they have a stock portfolio, and some people with net worth in excess of eight figures have difficulty in scraping up \$5,000. That didn't strike me as strange or peculiar.

Mr. DORSEN. But even with respect to a person who is in serious or apparently in serious difficulty at the time?

Mr. FERNANDEZ. I didn't go into his background or the seriousness of his background or his problems, other than what he discussed with me with respect to the press.

Mr. DORSEN. I gather you were happy that he was coming to you with the \$25,000, though.

Mr. FERNANDEZ. I was delighted because it would have really built up our track record.

Mr. DORSEN. And were you encouraging him to make this contribution?

Mr. FERNANDEZ. Yes, sir. I did everything I could to please him—offered him coffee and listened to his story of woe, and I was busy. I was running around this country like a chicken with his head cut off.

Last year I traveled over 250,000 miles on behalf of the Presidential campaign. I worked an average of 80 hours a week and I still sat—felt that I could sit down and listen to a \$25,000 donor any time, anywhere.

Mr. DORSEN. In fact, \$25,000 was larger than any sum contributed—you solicited, is that correct?

Mr. FERNANDEZ. I did not solicit \$25,000 from him. That is the largest possible donation that we would have received.

Mr. DORSEN. Did you indicate to him that you had heard he wanted to give \$50,000?

Mr. FERNANDEZ. Yes, sir, I did.

Mr. DORSEN. And what did he say about that?

Mr. FERNANDEZ. He said no, that is wrong, it is \$25,000, to which I still smiled from ear to ear because that is a lot of money.

Mr. DORSEN. Mr. Chairman, with your permission I would like to offer the affidavit of Carlos Nunez. I provided copies to the Senators and to counsel. Could I show—

Senator BAKER. The affidavit of Mr. Nunez has been supplied and it will be received for identification. If there is no objection it will be received as an exhibit and made a part of the record.

[The affidavit referred to was marked exhibit No. 266.*]

Mr. DORSEN. If there is no objection, Mr. Chairman, I would like to read the affidavit. It is one page.

Senator BAKER. The exhibit has been received in evidence, I believe. Counsel may proceed to read it.

Mr. DORSEN. Thank you. [Reading:]

Affidavit to the Senate Select Committee on Presidential Campaign Activities.
State of Florida, Dade County.

Carlos Nunez, being duly sworn, deposes and says:

1. I am presently employed and have been employed for many years as a builder.

2. In early 1972, around February, I was invited by Mr. Julian Vinas to attend a cocktail party at his home in Coral Gables to raise money for the re-election of the President through the Hispanic Finance Committee. At this party I was introduced to Mr. Benjamin Fernandez, chairman of Hispanic Finance Committee, by the host, Mr. Julian Vinas. I talked to Mr. Fernandez about my association in the past with Mr. Priestes in a general way. At the time Mr. Priestes was making headlines about his problems with FHA.

I was asked, besides my contribution, if I knew any persons who could make contributions. Obviously Mr. Priestes' name came up. I said with all the problems at that time I didn't know if he would be in the position to make any contribution.

A few days later I found that there had been contact between Mr. Fernandez and Mr. Priestes, and I was told by Mr. Priestes that he made a contribution and that Mr. Woolin loaned him the money.

I did see Mr. Fernandez a couple of times after the party but never discussed Mr. Priestes' contribution or any related matter with him.

Furthermore, I was never told by Mr. Fernandez that he could help Mr. Priestes or by Mr. Priestes that he could get help from Mr. Fernandez.

It is signed by Carlos Nunez and notarized.

Mr. Fernandez, what was the next event in the—excuse me. Do you want to add anything to what you said concerning the conversation you had with Mr. Nunez?

Mr. FERNANDEZ. No.

Mr. DORSEN. What was the next event in your dealings with Mr. Priestes?

*See p. 5736.

Mr. FERNANDEZ. A few days later—I am not certain of the time. I thought it was either that day or within the next week—I met Mr. Priestes at a charity ball held in Dade County, Fla. It was at this time that he was to bring a \$25,000 check which represented his donation to the National Hispanic Finance Committee. I was a guest of Mr. Manolo Casanova who was the State chairman in Florida of the National Hispanic Finance Committee. We were sitting in the audience when a waiter or waitress came to me and asked me to go to the front door, that a Mr. Priestes was there.

I went to the front of the door—not the front door but the entrance to the banquet and I met Mr. Priestes. He was accompanied by a young lady and he was supposed to make delivery of his donation at that time. So when—after I saluted him, greeted him warmly, I asked him whether he had brought his donation with him as he had promised. He said, no, he had not. However, that he would bring it with him when we went to Washington, D.C., to visit with Secretary Stans.

Again, he was a \$25,000 potential donor and whatever he wanted was my wish. Whatever I can do to please you will be fine. No problem whatsoever, Mr. Priestes. And I said some pleasantries and excused myself and went back to my table.

Mr. DORSEN. Mr. Priestes was indicating that he just wanted to meet with Mr. Stans?

Mr. FERNANDEZ. Yes, sir. He wanted to repeat to Secretary Stans the same story which he had given to me.

Mr. DORSEN. And what did Mr. Priestes indicate was the reason why he wanted to repeat this story to Mr. Stans?

Mr. FERNANDEZ. The same reason he gave me. That he wanted assurances that he would be treated fairly in the course of his investigation, in the course of his hearing, that he would not be crucified as a result of the bad press which he was receiving in Miami, Fla.

Mr. DORSEN. Was he concerned particularly about the bad press in the abstract or was he concerned about the effects of the bad press on his hearing?

Mr. FERNANDEZ. Who knows? I don't know what his main area of concern was. All I can repeat to you is what he told me.

Mr. DORSEN. But he tried to get assurances, at the very least, or you say he told you, that he would get a fair hearing despite an unfavorable press; is that right?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. And how would you accomplish that if you were trying to accomplish that?

Mr. FERNANDEZ. I haven't the slightest idea. That is beyond my province and I told him so. "I can't give you that kind of an assurance. All I can do is to bring it to the attention of my superiors and let them discuss it with you. I don't know what can be done, if anything."

And I might add something else, sir. Had Mr. Priestes come to me and said, "Mr. Fernandez, I need your help. I am in trouble with HUD" or FHA or the press or what have you, I would have listened to Mr. Priestes, whether he had given a \$1 donation or none. I have a track record of volunteerism in this country that is unbeatable. In the last 4 years I have served as a volunteer, 2 of the last 4 years, without compensation from anyone. I like to think of myself as a kind, compassionate man who reaches out to help the people that are asking for as-

sistance and help, whenever possible, and I will continue to work in the field of volunteerism.

So as far as Mr. Priestes is concerned, he could have come to me directly and asked me for my help and if it were within my province to give him that help, he would have received it.

Mr. DORSEN. But I gather you do not consider Secretary Stans in quite the same category as you with respect to generosity of his time.

Mr. FERNANDEZ. That is absolutely not true. I have known Secretary Stans for some 5 years and I consider him one of the kindest, most compassionate men I have ever met in my life. What he has done with respect to the minority communities as Secretary of Commerce—namely, the organization of the Office of Minority Business Enterprise, with all of its components, from the standpoint of bringing us into the free enterprise system—is one of the most remarkable stories in America that one day will be told in depth. I love that guy. I think he is one of the finest Americans I have ever known.

Mr. DORSEN. How many people did you bring in to Mr. Stans who were potential contributors during the campaign?

Mr. FERNANDEZ. I think Mr. Priestes was the only one, although I did, on occasion, bring members of the National Hispanic Finance Committee, who were all donors—and some of them pretty heavy donors—in to meet Mr. Stans and be photographed with him, get the full treatment. We liked it.

Mr. DORSEN. Who were some of those individuals?

Mr. FERNANDEZ. Mr. Casanova, Fernando Oaxaca, and Mr. Fred Berens.

Mr. DORSEN. Reyes?

Mr. FERNANDEZ. No. You are referring to Mr. Joe Reyes.

Mr. DORSEN. Yes, sir.

Mr. FERNANDEZ. No. I never took him in to visit with Secretary Stans. And I can't think of anyone else.

Mr. DORSEN. Am I correct then, that Mr. Priestes is the only contributor that you saw fit to introduce to Mr. Stans? Is that right, sir?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. And how many individuals who had problems, who were not contributors, did you introduce to Mr. Stans?

Mr. FERNANDEZ. Would you repeat that question?

Mr. DORSEN. Yes.

You said in effect that Mr. Stans was as generous with his time, as you were with yours. If a person who had a problem wanted to come to you about a problem, you would listen, and I am asking whether you ever brought any other individual to Mr. Stans who was not a contributor so that he could listen to this individual's problems?

Mr. FERNANDEZ. I never brought any other individuals to Mr. Stans who had problems and he, like myself, was fantastically busy last year. I was grateful that he could give us even the few moments which he did give to members of my committee.

Mr. DORSEN. Well, let's move ahead to the time that Mr. Priestes met you in Washington, D.C.

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. When was that?

Mr. FERNANDEZ. I believe that was March 12, 1972. I was registered at the Hay-Adams Hotel, Washington, D.C. This was the night before

the meeting with Secretary Stans. I was in my room having a drink with a couple of members of our committee when the phone rang. Mr. Priestes was in the lobby and asked to come up to discuss with me the place of meeting. I invited him to come up and have a drink with us. He came to our—to my room and I gave him the address of the Finance Committee To Re-Elect the President, told him the time that I expected him there, and offered him a drink which he declined. He said he had just arrived and he was tired and he left.

The two men who were in the room with me were Fernando Oaxaca, the treasurer of the National Hispanic Finance Committee for the Re-Election of the President and also a member of the executive committee. The other man was Manolo Casanova, the State chairman in the State of Florida of the National Hispanic Finance Committee. There were no discussions in that room with respect to Mr. Priestes' donation. There were no discussions with him with respect to the I.T. & T. matter to which he testified yesterday. None whatsoever.

Mr. DORSEN. Am I correct, though, that that was just about the time that the ITT was in the newspapers?

Mr. FERNANDEZ. I don't know whether it was or not.

Mr. DORSEN. Well, were you following the fortunes of the Republican campaign effort at that time?

Mr. FERNANDEZ. I sure was.

Mr. DORSEN. And when you learned of the ITT allegations I gather you were upset, is that correct?

Mr. FERNANDEZ. Yes, like everyone else.

Mr. DORSEN. And was this a subject you were discussing among your friends, particularly friends who were working with you on the campaign?

Mr. FERNANDEZ. No, not particularly, but as an individual, I would be concerned with matters of that type. When we got—when two or three Spanish-speaking fellows got together we were concerned almost exclusively with our own organization, with our own efforts, as I have testified today; and matters like the ITT case and Dita Beard, and others, just did not occupy any, very little if any, of our time.

Now, Mr. Casanova indicated to me that when he was interviewed by your investigators, he told them that there had been no discussion whatsoever, of the I.T. & T. case and that your investigators took notes to that effect. The reason I am mentioning that, sir, is that I was shocked about this kind of testimony, which I heard yesterday for the very first time, and it was a surprise which did not appeal to me at all because I had no time to prepare or rebut or to get ready to defend myself against that kind of an allegation.

Mr. DORSEN. Yesterday was the first time you had any word that this allegation was made?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. No word had come to you?

Mr. FERNANDEZ. None whatsoever.

Mr. DORSEN. Incidentally, when Mr. Casanova spoke to you and told you what he had told us, did he also tell you that he had told the investigators that he recalled that the sum of \$100,000 was mentioned in connection with Mr. Priestes?

Mr. FERNANDEZ. Yes, he did.

Mr. DORSEN. Does that refresh your recollection as to whether it was mentioned?

Mr. FERNANDEZ. No, he told me when I discussed this matter with him that he had indicated to the interviewers the possibility that a \$100,000 donation had been discussed and/or the possibility of additional donations. But he told me that he was hazy in his recollection and that he was not certain of the figures involved.

Mr. DORSEN. And he is mistaken with respect to that, is that correct?

Mr. FERNANDEZ. Well, I have never read his statement, so I do not know what he stated to you, of course.

Mr. DORSEN. No, if he told you that a \$100,000 figure was mentioned, in connection with Mr. Priestes' contribution, he was mistaken, is that correct?

Mr. FERNANDEZ. Yes, sir, he would be mistaken.

Mr. DORSEN. But he is right when he told you that ITT was not mentioned?

Mr. FERNANDEZ. Yes, sir, because Mr. Oaxaca also indicated to me that at no time when Mr. Priestes was in that room, or anywhere else, anywhere in the country, did we discuss the ITT situation in relation to Mr. Priestes and his donation; and both men have indicated to me their desire and interest to testify and verify my statements to you today.

Mr. DORSEN. I think when you found out that, Mr. Oaxaca was in the room—yesterday. We found out earlier about Mr. Casanova, and we have solicited an affidavit from him just like we have with every other participant. We are awaiting that and with the chairman's permission, we will offer it and make it a part of the record when it comes.

Senator BAKER. You are speaking, Mr. Dorsen, of the affidavit of Mr. Casanova?

Mr. DORSEN. This is simply notes of an interview, Mr. Chairman. We asked Mr. Casanova if he would provide us with an affidavit. This was, I believe, sometime last week. We have not received that affidavit.

Senator BAKER. Last evening?

Mr. DORSEN. Last week.

Senator BAKER. All right, when the affidavit is produced, of course, it can be submitted by counsel and the chairman at that time can pass on its admissibility.

[The affidavit of Mr. Jose Manuel Casanova was subsequently received and is entered as exhibit No. 267.*]

Mr. JACOMINI. I wonder, Mr. Chairman, if we might be privileged to have a copy of that summary?

Mr. DORSEN. I have no objection. I just have two copies now, but we will be happy to show you one.

Senator BAKER. Why don't you give the witness a copy now, if we have two copies, and we will supply a permanent copy for your files later.

Mr. JACOMINI. Thank you.

Senator BAKER. This is not the affidavit, Mr. Dorsen?

Mr. DORSEN. That is correct.

*See p. 5737.

Senator BAKER. This is a staff summary, and it is not an affidavit.

Mr. DORSEN. Did you arrange with Mr. Priestes to see Mr. Stans the following morning?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. How was that done?

Mr. FERNANDEZ. I originally contacted Hugh Sloan, who was then treasurer of the Finance Committee To Re-Elect the President. I explained to him the nature of the meeting which had been requested by Mr. Priestes. He felt that there would be no problem in arranging for said meeting and said meeting was established.

The next morning, after the brief meeting in my room, I met Mr. Priestes at 1701 Pennsylvania Avenue, Washington, D.C., outside of the Secretary's office.

Mr. DORSEN. I am sorry to interrupt, but I do want to do this chronologically.

Mr. FERNANDEZ. Fine.

Mr. DORSEN. What time was the meeting set for?

Mr. FERNANDEZ. I do not recall. It was in the morning, though.

Mr. DORSEN. Could it have been 11 o'clock?

Mr. FERNANDEZ. It could have been.

Mr. DORSEN. Do you recall whether the meeting was postponed originally from 8 to 11?

Mr. FERNANDEZ. I do not.

Mr. DORSEN. But that is possible also?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. Could you have communicated with Mr. Stans to set up this meeting?

Mr. FERNANDEZ. I do not recall whether I talked to Secretary Stans directly, but I do know that whenever I made appointments to visit the Secretary, I went through Hugh Sloan. So I am a little hazy on that aspect of it.

Mr. DORSEN. Was Hugh Sloan, in effect, your liaison with Mr. Stans?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. And HUD extended dealings with Mr. Sloan?

Mr. FERNANDEZ. By extended—Mr. Sloan is the very first man I talked to in the Finance Committee To Re-Elect when we were organizing our committee, and throughout the period of time when Mr. Sloan was treasurer of the committee, whenever I was in Washington and I had occasion to go to the finance committee, I always tried to make it a point to at least say hello to him.

Mr. DORSEN. I guess you are familiar with Mr. Sloan's role in this overall investigation, bringing it to the attention of some of his superiors right at the beginning. Are you familiar with that?

Mr. FERNANDEZ. I do not understand your question.

Mr. DORSEN. The testimony in an earlier phase of this hearing was that Mr. Sloan was upset about some of the events that came to his knowledge back in late June of 1972 and brought his knowledge to the attention of other persons. Is that correct?

Mr. FERNANDEZ. Yes, sir. I am familiar with that.

Mr. DORSEN. Are you familiar in general with Mr. Sloan's caliber or reputation for truthfulness?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. Do you agree with that reputation as being an excellent one?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. Did you tell any of the persons in Mr. Stans' office anything about Mr. Priestes' background before the time he came to Mr. Stans' office?

Mr. FERNANDEZ. Other than what I have indicated to you today in my testimony, I didn't know anything about Mr. Priestes' background.

Mr. DORSEN. But did you tell anyone that he was coming up, in part, to discuss his problems?

Mr. FERNANDEZ. No; I didn't discuss this, his visit, with any member of Secretary Stans' office. I talked to Mr. Sloan and to Mr. Stans. These are the only two people I talked to with respect to the Priestes affair.

Mr. DORSEN. And it is your recollection that you advised neither of them about Mr. Priestes' potential problems, is that correct?

Mr. FERNANDEZ. No; that is not correct. I don't recall whether it was the Secretary or whether it was Mr. Sloan, but I indicated to them exactly what Mr. Priestes had told me in Miami; to wit, that he was a victim of a bad press, that he was being harassed by the Miami Herald, and that he wanted assurances from somebody that he would get a fair investigation, a fair hearing. Now, that kind of—that information I advanced to either Mr. Sloan or Mr. Stans.

Mr. DORSEN. And what size contribution did you tell Mr. Sloan or the Secretary that Mr. Priestes would bring?

Mr. FERNANDEZ. \$25,000.

Mr. DORSEN. Did you ever tell anyone in that office—Mr. Stans, Mr. Sloan, their secretaries or staffs—that Mr. Priestes would give a contribution of anything larger than \$25,000?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. Did you ever mention that he was a \$100,000 contributor?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. Please tell us what happened at the meeting in 1701.

Mr. FERNANDEZ. Yes, sir.

Mr. Sloan opened the door to admit us and I stepped in ahead of Mr. Priestes. I introduced Mr. Priestes to Secretary Stans, and introduced him as a potential contributor in the amount of \$25,000. We both sat down. The Secretary shook hands with him warmly and Mr. Priestes handed me a check in the amount of \$25,000. It was made out, I believe, to the Republican National Committee and signed by a man who I have since learned is named Martin Woolin. I didn't notice the signature other than the fact that it was not Mr. Priestes' signature.

Mr. DORSEN. And this is the first time you saw that check?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. Please continue.

Mr. FERNANDEZ. I took the check and handed it to the Secretary who thanked Mr. Priestes for his donation and thanked him warmly. Then Mr. Priestes told the Secretary that he wanted to discuss with him his problems in Miami with respect to the harassment that he was receiving by the Miami Herald. He had with him his folder of newspaper clippings to verify to the Secretary the fact that he was being subjected to a great deal of criticism and a great deal of pressure al-

most on a daily basis by the Miami Herald. He handed the folder to the Secretary.

The Secretary thumbed through it, possibly in 10 or 15 seconds, no more than that. The entire meeting, I might add, only lasted about 12 minutes. He told the Secretary the same story that he had told me in Miami, Fla. At no time did Mr. Priestes ask the Secretary to pick up the telephone and contact George Romney, who was then Secretary of HUD, and discuss with him his particular problems with HUD.

The Secretary probed as to the difficulties that he was having. The man stated that he was involved in minor technical difficulties, that he was not guilty of anything illegal, and the Secretary turned to him and said, young man—or words to this effect—I don't know anything about you. I don't know what kind of problems you are involved in, but I think I had better take a look into your personal background. If we find that you are indeed in difficulties of a serious nature, we want nothing to do with you and we want you to know this.

Mr. Priestes said "Fine"; words to the effect that he would welcome that kind of a check on his background.

Mr. Stans handed the check back to me and said, "Ben, do not deposit this man's check until you hear from me," and I told the Secretary that I would adhere to his instructions. That was about the end of the meeting.

Mr. Priestes excused himself, walked out.

I talked to the Secretary and he said, "Well, Ben, I will look into this and you will be hearing from me soon."

About 10 days later—

Mr. DORSEN. Excuse me, if I may interrupt. I have a few questions about the meeting.

Mr. FERNANDEZ. Surely.

Mr. DORSEN. At any time, was there discussion about Mr. Stans making a telephone call to anybody?

Mr. FERNANDEZ. No.

Mr. DORSEN. Did Mr. Stans indicate how he would proceed to check into Mr. Priestes' problems?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. That just did not happen?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. Had you asked Mr. Priestes to bring up his scrapbook with him?

Mr. FERNANDEZ. Yes, sir; I did.

Mr. DORSEN. What was the purpose of that?

Mr. FERNANDEZ. So he could show the Secretary how he was being harassed by the Miami Herald.

Mr. DORSEN. Do you know whether the stories in the Miami Herald were true?

Mr. FERNANDEZ. I hadn't the slightest idea.

Mr. DORSEN. Wouldn't it have been just as easy then to have Mr. Priestes explain what was happening to him, so the stories would not presumably add that much to the verbal account?

Mr. FERNANDEZ. Not actually. He was emotionally involved in this matter, he was a very agitated man, not the most coherent of people in maintaining a steady conversation. I don't think he would have helped me in explaining his particular problems.

Mr. DORSEN. At any time during the conversation, did Mr. Stans indicate surprise or disappointment over the size of the contribution?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. At any time did Mr. Stans indicate surprise, disappointment, or concern over the fact that somebody with problems was being presented to him in connection with, or at the same time as, a campaign contribution?

Mr. FERNANDEZ. Yes, he was concerned. Because, to reiterate, so concerned that he instructed me not to deposit his check. He said, "Let's take a look at this fellow and see what kind of trouble he is in; you will hear from me."

Mr. DORSEN. But there was no concern or surprise at the size of the contribution?

Mr. FERNANDEZ. No. My reaction would be that he was pleased that a check in the amount of \$25,000 was going to be donated to the National Hispanic Finance Committee.

Mr. DORSEN. Mr. Chairman, we have received, as you know, or Mr. Thompson knows, a communication from James R. Stoner, Mr. Sloan's lawyer, that is of the same nature as the communication received by Mr. Stans and I would like to ask the indulgence of the committee to receive it on the same basis as Mr. Stans' letter was received.

Senator BAKER. Thank you, Mr. Dorsen. I have a copy of a letter from Stoner, Treese & Ruffner, attorneys of Washington, D.C., dated November 7, addressed to the chairman with copies to others; to which is attached a statement of Hugh W. Sloan, Jr., dated November 7, which is signed but not notarized.

Under the rules of the committee, of course, it can't be received without unanimous consent. The Chair would hope in view of the precedent we have set previously that unanimous consent will be granted. If there is no objection from anybody on the committee, the letter with the attached statement of Hugh W. Sloan, Jr., will be received, marked as an exhibit, and placed in the record; identified as an exhibit, and received as evidence.

Mr. JACOMINI. Mr. Chairman, we would request a copy of that statement, too, if we may.

Mr. DORSEN. One is on its way.

Senator BAKER. Mr. Dorsen, since there is no objection, please proceed with that statement.

[The document referred to was marked exhibit No. 268.*]

Mr. DORSEN. It is a letter dated November 7, 1973, addressed to Senator Ervin and signed by James R. Stoner on behalf of Stoner, Treese & Ruffner. [Reading:]

DEAR SENATOR ERVIN: I understand from counsel for the committee that testimony of Hugh W. Sloan, Jr. would be helpful to the committee in completing its record concerning events that occurred at a meeting in late March 1972 in the office of the Finance Committee to Re-Elect the President between Messrs. John Priestes, Ben Fernandez, Maurice Stans, Hugh W. Sloan, Jr. and others.

Mr. Sloan presently resides in Birmingham, Mich., and it would be inconvenient for him to come to Washington to testify or to execute an affidavit concerning this matter on a timely basis and accordingly, he has authorized me to submit a statement on his behalf.

As Mr. Sloan's attorney, I have discussed this matter with him on numerous occasions and I enclose herewith a statement which I have signed on his behalf

*See p. 5740.

and which I have reviewed with him and which he has informed me accurately reflects the testimony which he would give if called as a witness.

I trust the enclosed statement will be helpful to the Committee.

Then there is a two-page statement of Hugh W. Sloan, Jr.:

I was informed that about late February 1972, Ben Fernandez approached Maurice Stans, chairman of the Finance Committee To Re-Elect the President, and told him that he thought that the Spanish-speaking community in the United States could raise \$1,000,000 for the President's re-election effort and asked that records of contributions by the Spanish-speaking community be kept separate from other campaign contributions. Thereafter, a Hispanic Finance Committee was formed with Mr. Fernandez as chairman and Mr. Stans asked me to act as liaison with this committee which I thereafter did.

About early March 1972 Mr. Fernandez indicated that he wanted a big kickoff for the Hispanic Finance Committee and said that he would start off with the potential contributors from Florida and mentioned that he hoped that he had a couple of contributors in the \$100,000 class, including John Priestes, whom he wanted Mr. Stans to meet. After I took this up with Mr. Stans, Mr. Stans asked for further background. Based upon what Mr. Fernandez told me, I prepared a short memorandum to Mr. Stans including the fact that among the persons who wanted to see him was a potential \$100,000 contributor according to Mr. Fernandez. Mr. Stans agreed to meet with the prospective contributors identified by Mr. Fernandez.

In mid-March 1972, five or six Spanish-speaking persons, including Mr. Fernandez and Mr. Priestes, met briefly with Mr. Stans and me. There was no significant discussion that I recall. Immediately after the larger meeting, Mr. Stans met privately with Mr. Priestes and perhaps Mr. Fernandez. After the meeting, Mr. Stans was upset and expressed his displeasure with the meeting to me, stating that the contributor was not in the \$100,000 class as he had been led to believe and further that he was concerned about Mr. Priestes personally. Mr. Stans told me that we would have to have better clearance of potential contributors who wanted to meet him.

Mr. Priestes had arrived at this meeting with a contribution in the form of a check. However, there were problems regarding the use of the check as a campaign contribution inasmuch as the check was not made out to the proper payee, probably being payable to the Republican National Committee rather than to one of the campaign committees. In addition, ordinarily a contributor who made a contribution by check in an amount over \$3,000 would break his contribution into units of \$3,000, and the check which Mr. Priestes had was for an amount in excess of \$3,000.

The above occasion was the only specific occasion that I recall Mr. Stans meeting with potential contributors introduced by Mr. Fernandez but there may have been one or two others.

It is dated November 7, 1973, and is executed Hugh W. Sloan, Jr., by James R. Stoner, attorney.

Mr. Fernandez, is there anything you want to state concerning Mr. Sloan's statement?

Mr. FERNANDEZ. Yes, sir. Yes, sir. I have read the memorandum and as a whole, I agree with the data submitted. I do not recall at any time ever mentioning Mr. Priestes to anyone as being a potential \$100,000 contributor. There were several \$100,000 potential contributors, as I indicated earlier in my testimony, and who met with me and pledged that they would raise \$100,000 or more. But I do not recall at any time that Mr. Priestes was included in that category.

Mr. DORSEN. Did any contributor pledge that he would contribute \$100,000 or more?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. What happened next after the meeting?

Mr. FERNANDEZ. About 10 days later I received a phone call from Secretary Stans and he told me that we should return Mr. Priestes' check to him, that the man was in serious trouble, contrary to what he had

indicated to us in the Secretary's office. The Secretary said, much as I hate to return this money to the man, we had better return it because he is in trouble up to his ears and it will make us all look bad if we accept his donation. I thanked the Secretary and within several days the check was returned to Mr. Priestes.

Mr. DORSEN. During the period in question did you have a number of telephone conversations with Mr. Priestes?

Mr. FERNANDEZ. I may or may not have had. I do not recall. I do recall, of course, that there was one telephone call where I informed Mr. Priestes that we could not accept his donation and it was a brisk phone call. The check was returned. I had been instructed to break off all communication with the man and I was following my instructions.

Mr. DORSEN. Do you recall whether during the period from—between the meeting and your communication to Mr. Priestes that the committee did not accept his contribution—whether Mr. Priestes telephoned you?

Mr. FERNANDEZ. I do not recall whether he did or not.

Mr. DORSEN. You heard his testimony that he did. Do you have any reason to doubt that that particular portion of the testimony is not true?

Mr. FERNANDEZ. Yes. The man is a convicted liar and his entire story is a complete fabrication. I would not believe him if he said that the sun was rising tomorrow. I have reason to doubt his integrity.

Mr. DORSEN. Mr. Fernandez, in many respects your testimony with his is inconsistent in many of the details, is that correct?

Mr. FERNANDEZ. Yes, sir, it is.

Mr. DORSEN. And you just heard two people indicate—Mr. Casanova and Mr. Sloan—that your testimony, your recollection concerning \$100,000 was probably not correct, is that true?

Mr. FERNANDEZ. No, sir. That is not correct. As I indicated to you, Mr. Casanova informed me that there was a possibility that the \$100,000 figure was mentioned when he was interviewed by your staff. Furthermore, I do not recall ever discussing a \$100,000 donation by Mr. Priestes with anyone, and if there is a problem, the problem is a simple one, faulty memory over something that took place almost 18 months ago.

But, other than that I do not see where I have to agree with the statement that—the question you have asked. I also have this memorandum from your committee addressed to you stating "Casanova stated that the initial figure could have been \$100,000 but he thought \$25,000 was more accurate."

So I think that pretty well establishes the limit as far as I am concerned.

Mr. DORSEN. When did you find out that the contribution would only be \$25,000 rather than \$50,000?

Mr. FERNANDEZ. In Miami, the day I met him, the first day I met him.

Mr. DORSEN. And you testified, I believe, that the \$100,000 figure was never mentioned as far as you can recall?

Mr. FERNANDEZ. That is correct, sir.

Mr. DORSEN. I think the record does speak for itself, Mr. Fernandez.

Mr. FERNANDEZ. I think so and I am prepared to stand on it.

Mr. THOMPSON. Excuse me. Mr. Chairman, may I inquire—I have not seen that before and as I understand it—I think that is one of only two copies we have and as I understand it, that is correct, that the memorandum states that the figure could have been—the initial figure could have been \$100,000 but he thought \$25,000 was more accurate. And as far as I know, that is the only reference we have in a memorandum or an interview. I think it ought to be made quite clear.

Mr. DORSEN. I think it is clear, Mr. Thompson.

Was there any further contact with Mr. Priestes?

Mr. FERNANDEZ. Not to my knowledge.

Mr. DORSEN. Did you ever solicit him for a contribution of \$5,000?

Mr. FERNANDEZ. No, sir. I don't recall—let me qualify that. I don't recall ever having solicited him for any money after the initial contacts with him.

Mr. DORSEN. But it may have occurred; is that right?

Mr. FERNANDEZ. It is possible but improbable.

Mr. DORSEN. And if it did occur, it would have been after Mr. Stans told you to cut off contact with Mr. Priestes; is that correct?

Mr. FERNANDEZ. That is correct, and that is why I state it is improbable that I would have communicated with the man other than the phone call when I informed him we could not accept his donation.

Mr. DORSEN. Mr. Chairman, I have no further questions at this time.

Senator BAKER. Thank you, Mr. Dorsen.

Mr. Thompson.

Mr. THOMPSON. Mr. Fernandez, when you talked with Priestes in your initial conversation, did he indicate any relationship at all with Spanish-speaking people in his business or otherwise?

Mr. FERNANDEZ. Well, he did allude to the fact that he was building low-cost housing and that a large number of the people that were buying the units were Spanish-speaking people, and that he had Spanish-speaking business associates.

Mr. THOMPSON. When he first made the offer of \$25,000 and you had that discussion, as I understand it, then he immediately mentioned the problem that he was having with the FHA?

Mr. FERNANDEZ. Yes, sir.

Mr. THOMPSON. That was in the same conversation?

Mr. FERNANDEZ. Not in the same conversation. We terminated the discussion with respect to the donation and I thanked him, and then he said, "Now, Mr. Fernandez, I would like to talk to you about something else." Then we proceeded to discuss his problems in relation to the harassment he was receiving from the newspapers or he claimed to have been receiving, and of course, those problems pertained to his activities with HUD.

Mr. THOMPSON. Was his contribution conditioned on what you might be able to do for him?

Mr. FERNANDEZ. Absolutely not, sir.

Mr. THOMPSON. Was it not obvious that he expected some return on his money from the tone of the conversation, the fact that he wanted to speak to Mr. Stans and all of the surrounding circumstances? Didn't that occur to you?

Mr. FERNANDEZ. Yes, it occurred to me particularly—he made a request and his request was to get assurances of a fair and equitable investigation and hearing; that the results of the harassment of the

press would not have a bearing on the outcome of the investigation. The man told me he had done nothing illegal or immoral, and he was a frightened man. He said he was afraid. But I didn't know how to handle that kind of a situation.

This was my first effort at fundraising ever in my life. So I just turned him over to the boss and let him handle this fellow.

Mr. THOMPSON. Did you have any contacts with FHA officials at that time?

Mr. FERNANDEZ. No, sir.

Mr. THOMPSON. Have you ever had any dealing with the FHA?

Mr. FERNANDEZ. No, sir; other than as a homeowner many years ago.

Mr. THOMPSON. Did you have an impression in your mind at that particular time as to what perhaps might be done for a man in these circumstances?

Mr. FERNANDEZ. No, sir. I would not get involved in any kind of a situation that would be suggestive of political hanky-panky in the background. I don't want to get into any kind of trouble; and even not wanting to get into trouble, look at me now.

Mr. THOMPSON. You mentioned your high regard for Mr. Stans. Would you have put Mr. Stans in a position where he might be questioned or his motivations might be questioned?

Mr. FERNANDEZ. No, sir.

Mr. THOMPSON. When you called Mr. Stans and proceeded to set up the meeting, how much did you tell Mr. Stans about your conversation with Priestes, and how much did you tell him about his FHA problems in the telephone conversation?

Mr. FERNANDEZ. I didn't tell him about his FHA problems because I didn't know what his FHA problems were. I told him very briefly about the fact that the man was—had indicated, stated that he was being harassed by the press, and the Secretary was very sympathetic with that statement from the standpoint that I think he had been having some problems of his own, and so he agreed to listen to the man, and he agreed to go through his newspaper clippings.

Mr. THOMPSON. And he had shown you his newspaper clippings, is that correct?

Mr. FERNANDEZ. Yes, sir.

Mr. THOMPSON. Did you suggest to Priestes that he take these clippings and show them to Mr. Stans?

Mr. FERNANDEZ. Yes, sir, I did.

Mr. THOMPSON. Why did you suggest that to him?

Mr. FERNANDEZ. There was a physical documentation of his assertion or his claim that he was being harassed by the newspapers, and it was a very formidable packet of newspaper clippings.

Mr. THOMPSON. All right. Was it then to present the publicity problem that he was having or was it to inform Mr. Stans of the substantive problems that he was having with the FHA?

Mr. FERNANDEZ. Well, as far as I was concerned, it was to demonstrate the publicity problems that he was having.

Mr. THOMPSON. As far as you know, could he have explained to Mr. Stans his substantive FHA problems just as well orally without newspaper clippings?

Mr. FERNANDEZ. I think he would have had problems in common. He is not—in the few moments that we were with Secretary Stans, he was not very articulate.

Mr. THOMPSON. So they could have had a double purpose, then?

Mr. FERNANDEZ. It is possible; yes, sir.

Mr. THOMPSON. When you got to the meeting with Mr. Stans in his office on March 13, you say that Mr. Priestes never asked Mr. Stans to call anyone?

Mr. FERNANDEZ. That is correct.

Mr. THOMPSON. Did he ever indicate to you in any way, by anything he said or any look he gave you, that he was disappointed or surprised at the tenor of the meeting or the way things were going?

Mr. FERNANDEZ. I certainly don't recall that he did other than the fact that he was very nervous and he was possibly disappointed that the meeting didn't last longer than it did. But other than that, I don't know what was going through his mind.

Mr. THOMPSON. Did he say anything to you after the meeting?

Mr. FERNANDEZ. No, sir. I didn't see him after the meeting.

Mr. THOMPSON. I see. Could you, with as much specificity as possible, tell us exactly what happened, as it happened, with regard to the conversation pertaining to the check and with regard to the conversation pertaining to his problems, and how long each conversation lasted?

Mr. FERNANDEZ. Yes, sir. The first time I met with him in Florida we had a meeting that lasted, I would estimate, between a half hour and 45 minutes.

Mr. THOMPSON. All right. I am talking specifically with regard to the meeting with Mr. Stans when he presented the check. Did he give the check to you or did he give it directly to Mr. Stans?

Mr. FERNANDEZ. I believe he gave me the check and I turned it over to Secretary Stans who then returned it to me.

Mr. THOMPSON. When did you first realize it was made out to the Republican National Committee?

Mr. FERNANDEZ. Immediately outside the Secretary's office.

Mr. THOMPSON. The first time you had seen the check?

Mr. FERNANDEZ. Yes, sir.

Mr. THOMPSON. All right. Tell us what happened.

Mr. FERNANDEZ. We went into the Secretary's office; the meeting lasted approximately 12 minutes, 13 minutes, and Mr. Priestes related to the Secretary basically the same things he had told me in Miami, Fla., and—

Mr. THOMPSON. When did he do that, in the beginning?

Mr. FERNANDEZ. At the beginning. First of all, he made his donation and he handed—handed me the check which I then gave to Secretary Stans.

Mr. THOMPSON. Did the Secretary ever mention making out other checks, smaller checks, \$3,000 checks, perhaps?

Mr. FERNANDEZ. I do recall that he was informed that he would have to rewrite the check and make it to the proper committee—one authorized to receive funds for the Presidential campaign. I don't recall whether there was any conversation about breaking it down into smaller amounts to avoid the gift tax.

Mr. THOMPSON. Do you know if there was any consideration with regard to possibly giving another check or more than one check in the names of individuals other than Mr. Priestes?

Mr. FERNANDEZ. I don't recall. That is possible, too. I don't recall.

Mr. THOMPSON. All right. Was there any talk or conversation or any mention by Mr. Stans to the effect that perhaps he should give his contribution in cash, a certain portion of it in cash?

Mr. FERNANDEZ. Absolutely not. Nowhere during this entire affair was there any effort on anybody's part from the Finance Committee to Re-elect or Hispanic Finance Committee to obtain a cash donation from this man. At no time at all was cash ever discussed.

Mr. THOMPSON. All right. Exactly what did Mr. Stans say to him about the check when he took it?

Mr. FERNANDEZ. Mr. Stans informed this man that the check would have to be rewritten because of the fact that it was not made to the proper committee. The Secretary kept the check on his desk and then Mr. Priestes stated that he wanted to discuss with Mr. Stans this problem that he was having with the press in Miami. He then proceeded to go into the same dialog that he had had with me in Miami, Fla.

Mr. THOMPSON. Did Mr. Stans give the check back to you before he went into this dialog, or after?

Mr. FERNANDEZ. He gave it to me after the dialog—after the presentation by Mr. Priestes. That is when the Secretary returned the check.

Mr. THOMPSON. And the check was on his desk during the conversation?

Mr. FERNANDEZ. Yes, sir.

Mr. THOMPSON. Did he look at the newspaper clippings?

Mr. FERNANDEZ. He thumbed through them.

Mr. THOMPSON. For about what period of time?

Mr. FERNANDEZ. About 10 or 15 seconds.

Mr. THOMPSON. What was his reaction to the newspaper clippings?

Mr. FERNANDEZ. None, because I do not think he had time to read them.

Mr. THOMPSON. What did he say to you or Mr. Priestes?

Mr. FERNANDEZ. After he listened to Mr. Priestes, he asked Mr. Priestes whether or not Mr. Priestes was guilty of any wrongdoing with respect to his corporate activities in Miami, Fla. Mr. Priestes informed the Secretary that he was not—

Mr. THOMPSON. Excuse me. How did Mr. Priestes characterize his problems?

Mr. FERNANDEZ. As minor technical problems—that is the way he referred to them—and of no serious consequence.

Mr. THOMPSON. He was suspended, I believe, that same day. Did he indicate to you or Mr. Stans that he was in danger of possibly being suspended by the FHA?

Mr. FERNANDEZ. It is possible that he stated that he might be suspended. He was concerned about the bad press and subsequently an unfair hearing, which could result in some form of suspension for him and his firms.

Mr. THOMPSON. You mentioned cash a moment ago and said "absolutely not" in response to my question about discussion of cash. Was

it your policy with regard to your particular organization to solicit cash contributions?

Mr. FERNANDEZ. Absolutely not.

Mr. THOMPSON. Why?

Mr. FERNANDEZ. Because, first of all, the receipt of cash in our organization presented a very serious problem. There were very few of us involved. National headquarters, for example, consisted of two people: myself and a secretary. And as a consequence, on the few occasions when we did receive cash, \$25 or \$50 donations, we would have to go to a bank and get a cashier's check before we submitted it to the Finance Committee To Re-Elect the President. We did not have time to do that sort of thing. Consequently, we discouraged at all times, in writing and orally, to all the people involved with us—we discouraged the receipt of cash.

Mr. THOMPSON. Of course, Mr. Priestes was present in Washington at the headquarters. If he had had cash on him at this particular time, you would not have had this particular problem that you mentioned. Was there any discussion or any inquiry as to whether he had cash with him, or anything like that?

Mr. FERNANDEZ. No, sir.

Mr. THOMPSON. Was this the last time you ever saw Mr. Priestes?

Mr. FERNANDEZ. Yes, sir.

Mr. THOMPSON. I believe you said Mr. Stans called you back some time later. Approximately how long was it before he called you back?

Mr. FERNANDEZ. I would estimate it about 1 week to 10 days later.

Mr. THOMPSON. And you have already testified to what he told you. How long was it after that before you had the check returned to Mr. Priestes?

Mr. FERNANDEZ. About 2 or 3 days.

Mr. THOMPSON. How did you effectuate the return of the check?

Mr. FERNANDEZ. It was physically returned to one of the finance committee people in Florida, who then returned it to Mr. Priestes.

Mr. THOMPSON. Do you happen to recall the name of this person?

Mr. FERNANDEZ. No; I do not.

Mr. THOMPSON. I have no further questions.

Senator BAKER. Thank you, Mr. Thompson.

Senator Montoya.

Senator MONTOKA. Mr. Fernandez, I believe you stated that when Mr. Priestes came to see you, he showed you the clippings and then offered the \$25,000 contribution, is that about it?

Mr. FERNANDEZ. No; that is incorrect.

Senator MONTOKA. How did that happen?

Mr. FERNANDEZ. Mr. Priestes came into my room and sat down. We chatted for a few minutes. Then I told Mr. Priestes that I had been informed that he was going to make a \$50,000 donation to the campaign. Mr. Priestes corrected me and said that is not accurate, Mr. Fernandez, it is only \$25,000. I agreed to accept his donation. I was pleased to receive it.

Senator MONTOKA. Who had informed you that he was going to contribute to the organization which you represented?

Mr. FERNANDEZ. One of his Cuban associates, whose name I do not know.

Senator MONTOKA. When did he show you the clippings?

Mr. FERNANDEZ. After we got through discussing his donation to the Presidential campaign. He then said to me, "Mr. Fernandez, I have another problem I would like to discuss with you." Then he proceeded to describe his problems with the Miami Herald. It was at that time that he pulled out his folder of newspaper clippings to show me, to give evidence as to how he was being persecuted, almost on a day-to-day basis.

Senator MONTROYA. Did you read these clippings?

Mr. FERNANDEZ. No.

Senator MONTROYA. He just showed them to you?

Mr. FERNANDEZ. He showed them to me, handed them to me, and I saw some of the headlines. But it was a very thick folder, probably 2 to 3 inches thick and I would not have had time to read the articles.

Senator MONTROYA. Did he explain to you that he had some problems pending with HUD or with FHA?

Mr. FERNANDEZ. Yes, sir.

Senator MONTROYA. That there were charges filed against him—

Mr. FERNANDEZ. No.

Senator MONTROYA [continuing]. To suspend his eligibility?

Mr. FERNANDEZ. No, sir.

Senator MONTROYA. What did he tell you about that?

Mr. FERNANDEZ. He told me that he was a low-cost housing builder and that because of his aggressiveness and ability to produce, that he had received the bulk of the HUD contracts in Dade County, Fla.; that the Miami Herald had knowledge of the high percentage of houses that he was building and was taking him to task on that particular subject and that they had photographs of the foundations of his buildings, things of that sort. He was very much chagrined over the fact that he had been a major individual with respect to the local office of HUD producing on the low-cost housing program, and now that he had produced, he was being harassed. This was the nature of his problem with the HUD people.

Senator MONTROYA. Well, if you did not read the clippings, why did you ask him to bring the clippings to Mr. Stans?

Mr. FERNANDEZ. Because I did not have time to read the clippings. Possibly Secretary Stans or members of the staff could review those clippings.

Senator MONTROYA. Well, you must have thought that they were very important and very revealing, because you did ask him to bring the clippings with him to Washington, did you not?

Mr. FERNANDEZ. I sure did. I thought that he brought those clippings to verify the intensity of the harassment by the press, and I could not think of a better way to demonstrate that position than by bringing the clippings along with him.

Senator MONTROYA. Now, did you ask him why he had thought of the National Hispanic Association?

Mr. FERNANDEZ. No, sir.

Senator MONTROYA. Or finance association?

Mr. FERNANDEZ. No.

Senator MONTROYA. Did you inquire as to who had advised him of your presence in Miami or wherever it was?

Mr. FERNANDEZ. No, sir, I did not, because the individual who introduced us, if I recall correctly, brought him to the hotel. So he came with someone. I don't know who that individual was.

Senator MONTROYA. How did they know that you were there?

Mr. FERNANDEZ. I had been receiving a lot of publicity in Miami because of the appointment as national chairman of the National Hispanic Finance Committee. I had met some of his colleagues previously at a Cuban-American cocktail party, which was a small fundraiser on behalf of the National Hispanic Finance Committee.

Senator MONTROYA. I can't understand why Mr. Priestes would select the National Hispanic Finance Committee by reading some publicity about you in the paper and selecting you to make a contribution of \$25,000 or \$100,000, whatever it was, when he could have opened bigger doors at the Committee To Re-Elect the President in Washington.

Mr. FERNANDEZ. Well, it was, I think, a matter of convenience. One of his colleagues who was a Cuban-American introduced us and set up the arrangements for the meeting. I had met his colleague during the cocktail party, the small fundraising cocktail party. Consequently, it was a convenient thing to do. The man knew Priestes and he knew Fernandez, so he got us together.

Senator MONTROYA. Well, he must have been told by someone that you would be a good courier for this contribution and since he was not interested in politics, as he so testified yesterday, he must have been interested in trying to get some satisfaction in return with respect to his problem.

Mr. FERNANDEZ. Well, Senator Montoya, I think that is sheer speculation. I don't know what went through that man's mind.

Senator MONTROYA. Well, did that go through your mind, that he might have had that kind of interest?

Mr. FERNANDEZ. No; my interest in the man was that he wanted to make a donation in the amount of \$25,000.

Senator MONTROYA. You just looked at him and you thought to yourself, well, here is a good man and he wants to contribute to the cause, is that it?

Mr. FERNANDEZ. Yes, sir.

Senator MONTROYA. \$25,000?

Mr. FERNANDEZ. Yes, sir.

Senator MONTROYA. Now, the word NEDA has entered into the testimony here. Would you explain so that we can clarify the record what NEDA stands for?

Mr. FERNANDEZ. Yes, sir.

NEDA are the letters of a nonprofit corporation called the National Economic Development Association, which I founded several years ago for the purpose of fostering the free enterprise system among Spanish-speaking people throughout the United States. It is still in operation. It is basically, sir, a management consulting company with regional offices throughout the United States.

Senator MONTROYA. How is its operation financed?

Mr. FERNANDEZ. When I was chairman-president, we received a grant from the Small Business Administration in the amount of \$605,350. It has since been transferred into the Department of Commerce under the Office of Minority Business Enterprise, where it receives its funds for operation.

Senator MONTROYA. And what functions did you perform through NEDA while you were the president of this organization?

Mr. FERNANDEZ. Well, I was a full-time chairman of the board and president of NEDA. It was my primary responsibility to organize the corporation in its entirety, to establish a board of directors, to lay out the policy, working with the board as to the objective of NEDA. It was my role to recruit, train, motivate all of the members of the executive team of NEDA, and with one or two exceptions, I personally handpicked every management consultant that worked with the organization in every office in the United States when I was its chairman.

Senator MONTOKA. Did you, as president, give counsel to applicants for charters for banks and building and loan associations?

Mr. FERNANDEZ. Yes, sir.

Senator MONTOKA. And did you have your own organization also doing some work?

Mr. FERNANDEZ. Yes, sir.

Senator MONTOKA. What was the name of your own individual organization?

Mr. FERNANDEZ. Research, Inc.

Senator MONTOKA. What was the function of this organization?

Mr. FERNANDEZ. Researching, helping in the organization of financial institutions.

Senator MONTOKA. Did you aid some of these applicants in conjunction with the effort that was being put forth by NEDA?

Mr. FERNANDEZ. No, sir, other than describing to them what the procedure was if they wanted to organize a bank or savings and loan or an investment company. I went into great detail so that our people would know what the procedures would be to move into the field of finance.

Senator MONTOKA. Did you charge them for this service?

Mr. FERNANDEZ. No, sir.

Senator MONTOKA. You mean to tell me that Research, Inc., would not receive any fees for these services at all?

Mr. FERNANDEZ. No; that is not what I intended to say, sir. You asked me whether I charged people for fees in terms of instructing them on how to prepare an application. I did not charge them for any fees whatsoever. If Research, Inc. were to be retained to do, actually do the work for them, that is a different matter.

Senator MONTOKA. Were they retained?

Mr. FERNANDEZ. On numerous occasions.

Senator MONTOKA. And Research, Inc. was your organization?

Mr. FERNANDEZ. Yes, sir.

Senator MONTOKA. Were there any other owners of Research, Inc?

Mr. FERNANDEZ. Sir?

Senator MONTOKA. Were there any other owners?

Mr. FERNANDEZ. No, sir.

Senator MONTOKA. You were the sole owner of Research, Inc?

Mr. FERNANDEZ. Yes, sir.

Senator MONTOKA. And while NEDA was advising these people to process applications and to form applications for charters and for— for charters for banks, to operate banks and building and loan associations; they were—these applicants were—in turn, hiring Research, Inc., to do most of the work?

Mr. FERNANDEZ. That is not necessarily true.

Senator MONTOKA. All right, what is true?

Mr. FERNANDEZ. In every instance as chairman of NEDA, when I would give a lecture—for example, in El Paso, Tex., where I lectured before the business community—I urged them in the organization of a bank. I gave them complete details as to how to organize a bank. It is very complicated. And I urged them to move into the banking field. Whether Ben Fernandez was involved or Research, Inc., was involved was immaterial, and I went to great length to stress this. My main job was to motivate these people, to be the catalyst to move into the field of finance, in which we have been almost completely ostracized until the time that I got involved in it.

Senator MONTTOYA. How many retainer fees would you say Research, Inc. received from these applicants?

Mr. FERNANDEZ. I don't know.

Senator MONTTOYA. More or less?

Mr. FERNANDEZ. I don't know.

Senator MONTTOYA. Well, you were the sole owner.

Mr. FERNANDEZ. Right. But during the time that I was with NEDA, I had divested myself from Research, Inc. operations. It had its own management. They operated their own shop. It was a small consulting corporation. I think during the time that I was chairman of NEDA I visited Research, Inc. one time physically, to—I don't recall the circumstances.

Senator MONTTOYA. What was the usual fee that you charged?

Mr. FERNANDEZ. To organize a bank—legal fees, economic fees, are \$10,000, which are prescribed by the controller of the currency or the State superintendent of banks in a given State.

Senator MONTTOYA. Go ahead.

Mr. FERNANDEZ. To organize a Federal Savings and Loan—we are talking about a 1-year period of time—the total fees are approximately \$15,000, for legal fees, economics fees, financial fees, consultant fees. Plus costs are included—included are all of the costs involved in producing a package.

Senator MONTTOYA. Approximately how many \$10,000 fees were received by Research, Inc.?

Mr. FERNANDEZ. During what period?

Senator MONTTOYA. During the period that you were rendering services to these institutions or to the applicants?

Mr. FERNANDEZ. I would estimate just roughly, to the best of my recollection, maybe 10.

Senator MONTTOYA. All right. Now—

Mr. FERNANDEZ. I would—sir, may I make a statement, qualification also? Because of the fact that I was no longer involved in Research, Inc.'s operations, it was also the worst fiscal year that that corporation ever had and I can't stress that strongly enough. I think they paid corporate taxes on less than \$10,000.

Senator MONTTOYA. I am not speaking of the profit. I am speaking of what you received.

Mr. FERNANDEZ. I just wanted to get into the records that there were no windfalls or money-making schemes involved here.

Senator MONTTOYA. Would you supply all you received from these applicants, supply it for the record?

Mr. FERNANDEZ. Would I—

Senator MONTTOYA. Would you supply the record of receipts for retainers which you received from these applicants for the record?

Mr. FERNANDEZ. I personally received nothing, sir.

Senator MONTTOYA. No. Research, Inc.

Mr. FERNANDEZ. Well, Research, Inc. is no longer my firm but I am sure the records to which you refer can be made available to you.

Senator MONTTOYA. Can you supply that information?

Mr. FERNANDEZ. No, sir, I cannot. It is no longer my firm. I can request the information be supplied and I am sure that it will be.

Senator MONTTOYA. Well, I ask counsel to request that information.

Senator BAKER. I think the best way to handle that is with the clear understanding that the records are not in your possession and Senator Montoya's clear, and I think justified, request that some efforts be made to obtain them. So if counsel can indicate a willingness to try and obtain them and file it as an exhibit——

Mr. ELY. We will certainly agree to try to get those records, Senator Baker.

Senator BAKER. Is that agreeable?

Mr. JACOMINI. Yes.

Senator MONTTOYA. Now, why did you leave the presidency of the National Economic Development Association?

Mr. FERNANDEZ. I had a knockdown, dragout battle with a certain group, members of the board, who wanted control of the organization and they had the numbers and consequently I resigned.

Senator MONTTOYA. What charges did they bring up during this encounter?

Mr. FERNANDEZ. The executive vice president, in this encounter, set me up from the standpoint of having the members of the board vote against me in a vote of confidence.

For example, first, he stated that I had given instructions to the staff that under no circumstances was the treasurer to have the books made available to him—the books of the NEDA organization. That was an absolute falsehood. However, when I referred the matter to the treasurer or the—not the treasurer but the administrative vice president who was working with Mr. Villalobos in this coup d'etat, if you will, he verified Mr. Villalobos' statement.

Second, Mr. Villalobos stated that he had received instructions from me that under no circumstances was the treasurer of the organization, Mr. Frank Vega, to be permitted into the NEDA headquarters, national headquarters in Los Angeles, and this also was a fabrication. He went right down the line on a series of allegations against me.

When I asked for a vote of confidence from the board and did not receive it, I resigned. I might add, subsequently Mr. Villalobos moved up to the presidency, Mr. Vega became chairman of the board, and the small group that was involved took over the organization.

Senator MONTTOYA. Well, I want to give you an opportunity to answer charges that were made in the Congressional Record by Congressman Gonzalez.

Mr. FERNANDEZ. I am familiar with them.

Senator MONTTOYA. And these are related in a letter which was written on NEDA stationery by the executive vice president, Alfred Villalobos.

Now, let me read this, and then I will introduce the entire letter for the record.

Mr. JACOMINI. May I ask, are there copies of that letter available?

Senator MONTONA. I don't think it is available. I was presented with this letter and I am sorry that I didn't have time to make a copy but I will read it and then show it to you. [Reading:]

We have studied the transcript in the Congressional Record and would like to discuss the most vital points made by Congressman Gonzalez. First of all, the following charges are made:

That is against you.

1. That Mr. Fernandez used his position as Chairman and President of NEDA for his personal financial betterment.

2. That NEDA sponsored all of his banking and Savings and Loan charter applications.

3. That certain members of the NEDA staff were involved for personal financial gain.

4. That the "Fernandez team" is still very much in control of NEDA and implies that he can still carry on in the same manner.

5. That the NEDA operation is in need of a house cleaning.

Now, the letter further goes on:

We would like to answer these charges one at a time.

Firstly, the allegation that Mr. Fernandez used his position at NEDA for his personal financial betterment is true and while illegality would be difficult to prove, there is no doubt that certain of his actions were improper. We would like to inform you that this was one of the facts which led the Board of Directors to terminate his relationship with the National Economic Development Association at our annual board meeting in August 1971.

Secondly, to the allegation that NEDA sponsored the formation of banks and Savings and Loan organizing groups, NEDA did not; Benjamin Fernandez sponsored their formation, many of them prior to the formation of NEDA, and he did receive his standard fees of upwards of \$10,000 per group, however, NEDA staff and NEDA as an organization never set the policy of sponsoring such groups so that Mr. Fernandez's surveys required by the appropriate agencies. However, that is not to say that individuals employed by NEDA might not have been influenced and maybe even directed by Mr. Fernandez to do his bidding in regard to forming these groups and assuring that Research, Inc. would receive the survey contracts. This is a matter which during our troubles with Mr. Fernandez, was almost impossible to control, and was another reason for terminating our relationship with him.

Thirdly, regarding NEDA staff and Board Members being involved for personal gain in the formation of Savings and Loan Associations and banks. It is the policy of NEDA that its employees may participate as investors in business ventures which do not involve NEDA clients, or NEDA resources and facilities. Therefore, if a member of our staff wanted to participate as an organizer of a bank or in the capacity of an investor, it would certainly be allowed within the framework aforementioned.

Fourth, the allegation that a "Fernandez team" is in control of NEDA and, therefore, that Fernandez can continue to operate in the alleged manner, is totally untrue.

Fifth, the allegation that the NEDA operation is in need of a house cleaning is completely untrue and certainly unfair.

For your information and possible use in the future, please be advised that we have a complete tape recording of our last year's annual board meeting as well as a transcript of the meeting, which we will be more than happy to make available to you, if you so require. Also, we wish to inform you that a representative of the SBA, Henry Zuniga, was present at that board meeting.

Please be assured that NEDA is a hard working, highly productive arm of the Department of Commerce and the Small Business Administration, and we will endeavor to continue to do the type of job that will make you and our community proud to be partners in the progress of the Spanish speaking people through business enterprise.

And so on.

Now, this letter was written to Secretary of Commerce Peter G. Peterson.

I want to say at the outset that I do not want to cast any reflection on NEDA. I think it is a fine organization. But since these allegations have been made I now offer you the opportunity to make your own rebuttal with respect to same.

Mr. FERNANDEZ. I would appreciate that very much.

Senator BAKER. I wonder, Senator Montoya, since that has happened, if we could submit a copy of what you read so that the witness can see it.

Senator MONTOKA. I might say that I did not read all of it but I tried to highlight the allegations and the answers with respect to the allegations.

Mr. JACOMINI. Mr. Chairman, before Mr. Fernandez attempts to answer those allegations we would like to have a copy of the letter and have an opportunity to read it.

Senator MONTOKA. You have it right there.

Senator BAKER. Has a copy of the letter been supplied?

Senator MONTOKA. Yes.

Mr. ELY. Yes, it has, Senator.

Senator BAKER. Is it the request of counsel that the committee recess briefly so that you can look it over?

Mr. JACOMINI. What time does the committee normally recess for lunch, Mr. Chairman?

Senator BAKER. It can recess now if you like and come back at 2 o'clock, or at 1:30, or we can recess briefly and try to finish, whichever you prefer. If you would like to take 5 minutes or 10 minutes now, we can do that and try to finish at 12:30 or we can reconvene at 2 o'clock.

Mr. JACOMINI. We think it would be better to recess now for lunch and come back at 1:30 or 2 o'clock, whenever you normally—

Senator BAKER. Is there any objection to that? Is 1:30 p.m. agreeable?

Senator MONTOKA. If it is possible—I do not have any more questions, Mr. Chairman. If it is possible, we could continue and finish before we go to lunch so we will not have to come back this afternoon, if it is all right with the witness.

Senator WEICKER. I gather counsel for the witness has indicated he would like to have time to assimilate this question and out of fairness to him, I think that on the—

Senator BAKER. I understand from counsel there is a staff meeting at 1:30 p.m., so I think it would be necessary then to recess until 2 o'clock. If there is no objection, then the committee will stand in recess until 2 o'clock.

[Whereupon, at 12 noon, the hearing was recessed, to reconvene at 2 p.m. this same day.]

AFTERNOON SESSION, THURSDAY, NOVEMBER 8, 1973

Senator BAKER. The committee will come to order.

The state of proceedings when we recessed for lunch was, a copy of a document had been delivered to the witness and his counsel. Senator Montoya was the last interrogator. I wonder if the witness has any response or if Senator Montoya has any further questions.

Senator MONTÓYA. Mr. Chairman, I would like to offer the letter in toto for identification and introduction into the record.

Senator BAKER. Is there objection?

The Chair hears no objection. The letter will be received and marked as an exhibit and made an exhibit in the record.

[The letter referred to was marked exhibit No. 269.*]

Senator MONTÓYA. I believe the last question I asked the witness was: Did he care to give any rebuttal to statements made in the letter with respect to him?

Mr. Witness, you may proceed to do so.

Mr. JACOMINI. Mr. Chairman, if I may, before Mr. Fernandez answers Senator Montoya's questions, I would like to make a statement for the record. We seem here to be departing, at least for the moment, from the Priestes matter and I have a few things that I would like to say about that.

Yesterday, Mr. Fernandez was accused of some rather serious things by Mr. Priestes. In order to put those accusations in their proper light, I would like to point out that Mr. Priestes is a man who is currently under a Federal sentence for, as I understand it, two counts of rendering false statements. These statements were obviously rendered in some form under which the making of a false statement was a Federal crime. As a result of the plea bargain under which this sentence was rendered, Mr. Priestes was also able to have several additional substantial Federal charges dropped. I think it is important to point out, in considering Mr. Priestes' testimony, that he is a man who stands convicted of making false statements.

I would also like to point out that in the opening statement made by Mr. Priestes' counsel, it was emphasized that Mr. Priestes was appearing voluntarily and without offer of immunity. This subsequently turned out to be incorrect and that, as a result of the same plea bargain under which Mr. Priestes was sentenced, he was—had been granted immunity from all of the additional charges growing out of his activities in Florida.

Mr. Fernandez, on the other hand, is appearing here without any grant of immunity, nor has Mr. Fernandez asked for any grant of immunity. He has made his statements fully and fairly of the facts, as he remembers them, of all of his transactions with Mr. Priestes and has made them with full knowledge. He had a perfect right to claim a fifth amendment privilege and to refuse to answer any questions. But with regard to the questions raised by Senator Montoya, Mr. Fernandez feels that these questions have nothing whatever to do with the investigation of the Presidential campaign activities, but nevertheless, out of courtesy to a very distinguished Senator, Mr. Fernandez will attempt to answer these questions also fully and fairly.

Thank you very much.

Senator BAKER. I might say that as I understood Mr. Priestes' statement on yesterday and the question put by counsel, the reference to immunity had to do with immunity granted by this committee and not immunity or its equivalent as it might be given by a prosecuting attorney or U.S. attorney.

I might also say, without any criticism of this witness or his counsel, that the committee, I believe, will view the testimony taken before

*See p. 5743.

us; whether under oath or by affidavit or by other statement, other merits, taking into account all of those factors that may be made to appear in the record. All of those matters that you mention, I believe, will be already proven in one form or the other. That should not be prejudicial to the status and standing of Mr. Priestes, nor should it be prejudicial to this witness. But I would point out that the statements of both Mr. Priestes and Mr. Fernandez will be considered impartially by this committee and all the attendant circumstances as well.

On the question of the relevance of the questions put by Senator Montoya, I am happy to hear that counsel has no objection to their being answered. I think we have conducted a pretty free-wheeling inquiry so far and I would hope that we could proceed apace with answers to these charges.

Would you continue then, please, Mr. Fernandez?

MR. FERNANDEZ. Yes, sir. I have before me a letter having the letterhead of the National Economic Development Association. The letter is dated May 11, 1972, and it is signed by Alfred R. Villalobos, executive vice president and chief operating officer. This letter, to put it in its proper context, was submitted by Mr. Villalobos soon after I was attacked on the floor of the House of Representatives by Congressman Henry B. Gonzalez of San Antonio, Tex. Mr. Gonzalez, according to the Congressional Record which I have read, attacked me approximately 2 weeks after I visited San Antonio, Tex., in the role as national chairman of the National Hispanic Finance Committee. I went into San Antonio, Tex.—which is a hotbed of Democratic activity, very little Republic Party activity—and I rented a storefront office in downtown San Antonio. I put a big red, white, and blue sign on the window stating, "Re-Elect the President." I called for a press conference, had the TV people there, radio, newspapers, and put out a news release outlining the purposes of the National Hispanic Finance Committee. I hit very hard on the necessity of bringing the two-party system of politics to the Spanish-speaking people wherever we were located.

I emphasized very strongly the track record of President Nixon and the administration with respect to Spanish-speaking people. I urged the people of Bexar County, Tex., which is the county surrounding San Antonio, to do everything in their power to support our financial campaign and to support the President in his bid for reelection.

Approximately 10 days or 2 weeks later, the Democratic Congressman, Henry B. Gonzalez, attacked me on the floor of the House of Representatives. He attacked me on possible conflicts of interest. He attacked me on the grounds of the possibility of wrongdoing while I was chairman of the board and president of the National Economic Development Association. It was a beautiful piece of character assassination, done under the sanctity or privilege of the House of Representatives. In other words, I don't think he would dare make the statements he made against me in public.

Mr. Gonzalez, by innuendo, by suggestive phrases, lined out a black picture as to my character and as to my qualities as a national leader among the Spanish-speaking people.

I received a copy of the Congressional Record from a friend of mine. I read it in great detail and in great amazement, because I had never

been attacked by any Congressman any where, any time, and this was all new to me. And I was enraged.

I contacted some of my Mexican-American friends in San Antonio, Tex., and asked them whether I should fly to San Antonio and call for a press conference and rebut Congressman Gonzalez. I was told by my friends who knew this Congressman that that was not necessary—incidentally, I never met the man, at least not to my knowledge—that this was a technique used by Congressman Gonzalez whenever he found Mexican-American leadership anywhere in his turf, a threat to his Congressional domain; that he would lash out in every direction hoping that the recipient of the whiplash would fight back and therefore, he would be in the newspapers for the next 90 days.

I was urged to ignore this attack. I was told that if I did not follow that advice, I could not get anything accomplished with respect to my fundraising activities in San Antonio, Tex.

I swallowed my pride, I took my beating, and I moved out into the next State.

This brings to mind a cliché that I learned from my father, a Mexican immigrant from Michoacan, Mexico. He told me as a boy, "Son, if you ever, as an adult, work with the Mexicans, I want you to remember something; that more Mexicanos have died from envy and jealousy than from cancer."

We have this propensity to cannibalize our leadership and I am no different than any other Mexican-American trying to serve his people and his country.

I am the prime founder of the National Economic Development Association. I was particularly asked to chair this organization because of my background. I think I have an outstanding background in finance, economics, marketing, and management. And certainly, my background in the field of finance is second to none with respect to my area of expertise—second to none anywhere in the United States.

I was urged by the members of the board—I was urged by some of the people from the administration, to take charge of this organization. We highlighted the fact that at the time that I organized NEDA, there were some 13,500 insured banks in the United States, only 1 organized, managed, and controlled by Spanish-speaking people. There were 4,500 insured savings and loans, none organized, managed, and controlled by Spanish-speaking people. I was urged to provide my leadership, my expertise, my management know-how, as a volunteer, to lead our people out of the economic wilderness. I accepted this assignment and I am proud of everything that I did while I was chairman of the National Economic Development Association.

This letter was written by Mr. Alfred R. Villalobos who participated in the coup d'état against me when I was chairman of the board. I am a big boy. I can't worry about things like that. Those things happen. I was chairman for 14 months. I am surprised I lasted as long as I did.

Let us go down the series of allegations by Mr. Villalobos beginning on page 2.

It states here:

First, the allegations that Mr. Fernandez used his position at NEDA for his personal financial betterment is true and while illegality would be difficult to prove there is no doubt that certain of his actions were improper.

What actions? I do not know. That his personal betterment was improved. I do not know anything about that. When I organized NEDA I divested myself from Research, Inc. Certainly, I still own the corporation, which is a small corporation. I think it had five employees working under its direction, and during the——

Senator MONTÓYA. May I ask you there, how did you divest yourself?

Mr. FERNANDEZ. I had my stock set aside from the standpoint of not participating in any of the management activities of the organization. I removed myself from salary from the organization. I made no attempts to manage the organization directly or indirectly.

Senator MONTÓYA. But that did not disqualify the organization from entering into contracts with respect to applications for charters?

Mr. FERNANDEZ. Oh, of course not. They can do whatever they wish. It is a general purpose corporation.

Senator MONTÓYA. And you were the sole owner?

Mr. FERNANDEZ. Yes, sir.

Senator MONTÓYA. All right.

Mr. FERNANDEZ. For the first 6 months of the organization of NEDA, then finally I sold my interest, Mr. Montoya.

It states here also that:

We would like to inform you that this was one of the facts which led the Board of Directors to terminate his relationship with the National Economic Development Association at our annual board meeting in August 1971.

This is a minor technical point but it is important to me. The board did not terminate my activities. When I saw that I was in the middle of a coup d'état and there was no way of my winning, I resigned.

Soon after my resignation one of the members of the board who voted against me, a man from Albuquerque, N. Mex., by the name of Julian Garcia, came to me in Los Angeles and apologized to me for his having participated in that onerous effort, particularly since my resignation, he had learned of the true facts which resulted in my resigning from that nonprofit corporation.

The second paragraph states that:

Benjamin Fernandez sponsored the formation of banks and savings and loans, many of them prior to the formation of NEDA.

I did receive my standard fee of upwards of \$10,000 per group.

However, NEDA staff and NEDA as an organization never set the policy of sponsoring such groups so that Mr. Fernandez's group, Research Incorporated, could be hired to prepare the survey required by the appropriate agencies.

Of course, NEDA would not sponsor any financial institution so that my firm, Research, Inc., would benefit thereof. There was, however, a written policy passed by the board of directors of NEDA urging the Spanish-speaking people throughout the United States to move into the field of finance, an area in which we have been virtually neglected, and this was a policy which was adopted by the board. Indeed, Senator Montoya, I believe I still have copies of the reports, the monthly reports, written by Mr. Villalobos where the policies I just indicated are spelled out in detail and I would very much like to send copies of that report to this committee to verify the statement that it was a policy of the NEDA board of directors to foster entree into the field of finance on the part of Spanish-speaking people.

Senator BAKER. Is the witness requesting permission for inclusion of that in his testimony?

Mr. FERNANDEZ. Yes, I am.

Senator BAKER. Is there any objection? If not, it will be received.

[Subsequent to the hearing, the information referred to above was received and made part of the record as exhibit No. 270.*]

Mr. FERNANDEZ. At no time have I ever personally received a \$10,000 fee, or for that matter, any kind of a fee for organizing financial institutions while I was chairman of the board of NEDA. I never directed employees of NEDA to organize banks.

Senator MONTTOYA. Let me ask you a question right there.

Mr. FERNANDEZ. Sure.

Senator MONTTOYA. Did Research, Inc., receive any such fees while you were president of NEDA?

Mr. FERNANDEZ. No, sir.

Senator MONTTOYA. All right.

Mr. FERNANDEZ. The third paragraph, the last paragraph on page 2, states that:

Third, regarding NEDA's staff and board members being involved for personal gain in the formation of savings and loan associations and banks. It is the policy of NEDA that its employees may participate as investors.

That statement is accurate.

The fourth paragraph, on page 3, the last sentence. It states there that—Mr. Villalobos states:

As a matter of fact, we have made it very clear on numerous occasions officially and unofficially, that we want no part of Mr. Fernandez or the activities in which he is involved.

In fact, numerous members of the board of directors are close and personal friends of mine who participate in social, political and business activities with me. Among them are: Mr. Julian Garcia, Mr. Frank Casilles, Monte Montez, Tony Maxwell, Frank Fouce, Rafael Corona. The next paragraph. Again I take exception to this point where the—Mr. Villalobos states: "We took immediate steps to remove him from NEDA, lock, stock and barrel."

I have already testified that I resigned at my own volition and left with my head held high.

Again this committee—I do not know the background of this committee with respect to its knowledge of minority enterprise, minority activities throughout our country. It is the toughest thing I have ever done in my life to try to work the Spanish-speaking people into a cohesive unit. We have a tradition of not working together. Indeed, among ourselves we joke that the Mexican-American does not talk to the Puerto Rican, the Puerto Rican does not talk to the Cubano, the Cubano talks to no one, and it is tough getting these three diverse groups to work together—as I am sure Mr. Montoya knows—but the gist of it was, I was able to do it when I organized NEDA, and I want this committee also to know, to get this entire letter in its true perspective, that in 14 months I organized a national management consulting company. I opened 11 offices from coast to coast. I recruited, trained, and motivated the management of that organization. Our firm processed over \$100 million in loans for Spanish-speaking busi-

*See p. 5747.

nessmen of which some \$50 million were actually approved. I think a sound use of taxpayer dollars.

That was my role with NEDA; fully committed, fully dedicated, to the point where, at that time, my future was determined as with respect to the Spanish-speaking people because for the rest of my life I will devote myself to working with the Spanish-speaking people.

The fourth paragraph states that there is a transcript of the last board meeting when I resigned, that there is a tape recording of that meeting, and this is probably true because it was my policy at all meetings to request a tape recording of the—an open tape recording of the meeting so that the secretary would be able to prepare the minutes accurately and properly.

Again, since Mr. Villalobos has offered to submit this tape and this transcript, I request of this committee that the record be left open so that both of these pieces of evidence can be submitted.

Senator BAKER. I think the appropriate way to handle this, since we are a little afield from the jurisdictional aspects of the committee, would be to permit that document or that tape to be received for the files of the committee with a later determination on its relevance and importance to the record rather than including it as an exhibit to the report at this time, and if there is no objection to that procedure, Senator Montoya, if it is agreeable to you—

Senator MONTOKA. I have no objection.

Senator BAKER [continuing]. Then the proffered document and tape will be received for the files of the committee for later determination.

Mr. FERNANDEZ. Senator Montoya, that terminates my comments on that letter. Thank you.

Senator MONTOKA. Fine. Do you have any other statement?

Mr. FERNANDEZ. On this letter? No, sir.

Senator MONTOKA. That is all, Mr. Chairman.

Senator BAKER. Thank you, Senator Montoya.

Are there other questions?

Mr. DORSEN. Yes, Senator. I have a few.

Mr. Fernandez, did you have any conversations with Mr. Marumoto or Tony Gonzalez concerning grants—Tony Rodriguez, excuse me—as to people who would receive grants or may have received grants or contracts?

Mr. FERNANDEZ. There was no formal discussion with either of these two men with respect to who had received a grant or a contract. The subject of grants or contracts, on occasion, would arise in the form of gossip where these were matters of public record and we would be—we know the Spanish-speaking leadership throughout the United States, both Democrat and Republican, and so occasionally it was brought to my attention that so-and-so had received a grant or a contract in the field of minority enterprise and we knew who the people were and that was the extent of it.

Mr. DORSEN. And I believe you indicated, in response to a question of the staff yesterday morning, that you had no discussions. It is your testimony that you did not need to include these gossip sessions by your answer?

Mr. FERNANDEZ. I don't believe I understand your question, sir.

Mr. DORSEN. I believe you were asked yesterday morning whether you had any discussions with Mr. Marumoto or Mr. Rodriguez concerning the recipients of the grants and contracts and I believe you said that you did not.

Mr. FERNANDEZ. I did not other than as I have just qualified my statement.

Mr. DORSEN. And did you know whether Joseph Reyes, the head of J. A. Reyes Associates, was receiving contracts with the Government during the period he was chairman of the Washington, D.C., Virginia, and Maryland branch of the Hispanic Finance Committee?

Mr. FERNANDEZ. I do not know whether he had contracts at that time. I do know that he is a management consultant in Washington, D.C., and that—but I don't know the nature of his business, as to whether he himself has contracts.

Mr. DORSEN. And do you know whether the members of the White House staff, including Mr. Marumoto, were making efforts to secure contracts for him?

Mr. FERNANDEZ. No, sir, I do not know anything to that effect.

Mr. DORSEN. And that was done without your knowledge; is that it, if it was done?

Mr. FERNANDEZ. If it was done, I have no knowledge.

Mr. DORSEN. How often were you speaking to Mr. Marumoto and Mr. Rodriguez?

Mr. FERNANDEZ. I would venture to say on an average of at least once a week during the campaign and when I arrived in Washington, D.C., I always made it a point to try to at least have lunch with Mr. Rodriguez who is a close personal friend of mine.

Mr. DORSEN. And this was not mentioned in those conversations?

Mr. FERNANDEZ. What was not mentioned?

Mr. DORSEN. The fact that—the possibility that the White House staff was working to secure contracts for Mr. Reyes.

Mr. FERNANDEZ. No, sir, not at all.

Mr. DORSEN. And Mr. Rodriguez, what is the name of his firm?

Mr. FERNANDEZ. Ultra Systems, Inc., in Newport Beach, Calif.

Mr. DORSEN. And do you know whether there were any efforts made during the campaign to secure contracts or grants for his company?

Mr. FERNANDEZ. I know of no such effort by anyone.

Mr. DORSEN. And you did not discuss this with Mr. Marumoto or Mr. Rodriguez, is that correct?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. Now, we discussed during Mr. Marumoto's testimony yesterday exhibit No. 262-5 which he identified. I would like to read that again and ask you if you have any knowledge of that or had any participation in it. It is a memorandum dated March 2, 1972, from Mr. Marumoto, a memorandum for the Honorable James Lynn, Subject: El Diario Editorial. [Reading:]

In line with our recent discussion of NEDA and our comments of "the tail wagging the dog," I am attaching an editorial written by a NEDA employee opposing the appointment of Cip Guerra as Deputy Director of OMBE.

This is the latest example of the unwillingness to cooperate in a "spirit of co-operation" with the Administration. I think before Commerce signs off on their \$2 million grant, you should sit down with Frank Viega and explain the facts of life.

I would appreciate being kept abreast of this highly important matter.

Do you have any personal knowledge of the circumstances surrounding that memorandum or the preparation of the memorandum itself?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. And you had no input at all into that memorandum, is that correct?

Mr. FERNANDEZ. None whatsoever. I don't want to mislead you, sir. I know the people involved in the memorandum. I know Mr. Guerra, but I had no knowledge that such a memorandum was being prepared nor of what efforts were being made to get him an appointment.

Mr. DORSEN. Incidentally, I think you told us in private session that the National Hispanic Finance Committee raised one-third of a million dollars, is that correct?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. Now, did you do anything that could be called digging into Mr. Priestes' problems with FHA?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. Did you ever tell anybody that you were going to dig into Mr. Priestes' problems with the FHA?

Mr. FERNANDEZ. No, sir.

Mr. DORSEN. Are you familiar with a newsstory quoting you to that effect—that is a newsstory that appeared on September 3, 1972, in the Miami Herald? Is that correct?

Mr. FERNANDEZ. I am familiar with the newsstory, yes, sir.

Mr. DORSEN. Is that newsstory correct, then?

Mr. FERNANDEZ. Not in its entirety. As a matter of fact, I was very upset with the reporter who interviewed me because he did not give full disclosure, as I offered to give him, and that he withheld certain information, and some of my phrases were distorted.

Mr. DORSEN. I am talking specifically about that phrase. That is an inaccurate quote?

Mr. FERNANDEZ. Yes, sir.

Mr. DORSEN. Now, you have commented on Mr. Priestes' credibility from your standpoint and I would like to ask you whether you have any reason to believe that Mr. Priestes bears any grudge against you?

Mr. FERNANDEZ. I do not. To reiterate—the last time I saw this man was the day we visited Secretary Stans' office. I had completely forgotten him until this newsstory in the Miami Herald came out.

Mr. DORSEN. I gather, then, you have no reason to shed—or no way of shedding any light on why Mr. Priestes might be testifying falsely against you, if he did so?

Mr. FERNANDEZ. No, sir, I do not.

Mr. DORSEN. Are you familiar with the provisions of title 18, section 611, which deals with soliciting contributions from a Government contractor?

Mr. FERNANDEZ. I don't know if I am or not.

Mr. DORSEN. If I may, I would like to read the section and ask you if you are or were familiar with it.

Mr. FERNANDEZ. Is that the Hatch Act, sir?

Mr. DORSEN. It is section 611 of title 18, which I will read to you. [Reading:]

"Contributions by government contractors." Whoever (a) entering into any contract with the United States or any department or agency thereof, either for the rendition of personal services or furnishing any material, supplies, or equipment to the United States or any department or agency thereof, or for selling any land or building to the United States or any department or agency thereof, in payment for the performance of such contract or payment for such material, supplies, equipment, land, or building, is to be made in whole or in part from

funds appropriated by the Congress, at any time between the commencement of negotiations for and the later of (1) the completion of performance under, or (2) the termination of negotiations for, such contract or furnishing of material, supplies, equipment, land or buildings, directly or indirectly, makes any contribution of money or other thing of value, or promises expressly or impliedly to make any such contribution, to any political party, committee, or candidate for public office or to any person for any political purpose or use;

Or (b) knowingly solicits any such contribution from any such person for any such purpose during any such period; shall be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

Now, were you familiar with that section during the events in 1972?

Mr. FERNANDEZ. No, sir, this is the first time I have ever come across that section in its entirety—for that matter, even partially.

Mr. DORSEN. That is my second question, then. You were not familiar with it when you spoke to members of the staff or gave testimony until this minute, is that correct?

Mr. FERNANDEZ. That is correct, sir.

Mr. DORSEN. Mr. Chairman, I have no further questions.

Senator BAKER. Thank you, Mr. Dorsen.

Are there further questions?

If there are no other questions, Mr. Fernandez is excused.

Thank you, Mr. Fernandez.

There are no other witnesses before the committee and the committee will stand in recess until 10 o'clock, Tuesday morning.

[Whereupon, at 2:35 p.m., the committee recessed, to reconvene at 10 a.m., Tuesday, November 13, 1973.]

TUESDAY, NOVEMBER 13, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to recess, at 10:06 a.m., in room 318, Russell Senate Office Building, Senator Sam J. Ervin, Jr., chairman.

Present: Senators Talmadge, Inouye, Montoya, Baker, and Weicker.

Also present: Samuel Dash, chief counsel and staff director; Fred D. Thompson, minority counsel; Rufus L. Edmisten, deputy chief counsel; David M. Dorsen, assistant chief counsel; William T. Mayton, Ronald D. Rotunda, Barry Schochet, W. Dennis Summers, and Alan Weitz, assistant majority counsels; Donald G. Sanders, deputy minority counsel; Michael Madigan, Richard Schultz, and Robert Silverstein, assistant minority counsels; Jed Johnson, investigator; Pauline O. Dement, research assistant; Eiler Ravnholt, office of Senator Inouye; Bruce Jaques, Jr., office of Senator Montoya; Ron McMahan, assistant to Senator Baker; A. Searle Field, assistant to Senator Weicker; Michael Flanigan, assistant publications clerk.

Senator BAKER [presiding]. The committee will come to order.

The chairman is necessarily absent attending another committee meeting this morning and will return later in the day. I must leave the hearings very shortly to attend a meeting of the Commerce Committee in conjunction with the Northeast railroad legislation and other matters. Senator Inouye will preside in the absence of the chairman and the vice chairman.

Counsel will call the first witness.

Mr. DASH. Mr. Matthew E. Clark, Jr., the witness, is here.

Will you stand and take the oath?

Senator BAKER. Would you hold up your right hand, please?

Do you solemnly swear that the testimony you are about to give before this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CLARK. I do.

Senator BAKER. You may be seated, sir.

Mr. DASH. Mr. Clark; I see you are accompanied by counsel. Will counsel please identify himself for the record?

Mr. GREENEBAUM. Leonard C. Greenebaum, Washington, D.C.

Mr. DASH. Mr. Clark, do you have any preliminary statement which you wish to read or give to the committee?

**TESTIMONY OF MATTHEW E. CLARK, JR., ACCOMPANIED BY
LEONARD C. GREENEBAUM, COUNSEL**

Mr. CLARK. No, I do not.

Mr. DASH. What is your present position, Mr. Clark?

Mr. CLARK. I am director of purchasing with the American Ship Building Co.

Mr. DASH. Where are you located, your place of business?

Mr. CLARK. Our corporate office is in Cleveland, Ohio, and our Am-ship Division, which I am affiliated with, is in Lorain, Ohio.

Mr. DASH. Could you just briefly describe the nature of this corporation, what the corporation engages in as a matter of business?

Mr. CLARK. It is a major shipbuilding and ship repair corporation.

Mr. DASH. Does it operate in various parts of the country?

Mr. CLARK. Yes, in various divisions in Nashville, Tenn., and Cincinnati, Ohio.

Mr. DASH. Do you have, or of your own knowledge, could you give us any idea as to the number of employees that the corporation has? There is another witness on that. We can ask him that.

Mr. CLARK. Yes, I think so.

Mr. DASH. How long have you personally been with the company, Mr. Clark?

Mr. CLARK. Since March of 1968.

Mr. DASH. At that time—have you held this particular position during all this time?

Mr. CLARK. No, my first position with the American Ship Building Co. was that of an estimator. Then I moved on to chief expeditor, then to director of purchasing.

Mr. DASH. In your present position, could you briefly describe for the committee your duties?

Mr. CLARK. I am in charge of the purchasing functions of our Am-ship Division for the boats as well as inventory materials.

Mr. DASH. What is your salary, Mr. Clark?

Mr. CLARK. \$16,300.

Mr. DASH. That is an annual salary?

Mr. CLARK. Yes.

Mr. DASH. As part of your compensation, did you as a normal matter receive bonuses from the company which you do keep for your own use?

Mr. CLARK. No.

Mr. DASH. In 1972, during the Presidential campaign, did you receive a bonus?

Mr. CLARK. Yes.

Mr. DASH. From the corporation?

Mr. CLARK. Yes, I did.

Mr. DASH. What was the size of that bonus?

Mr. CLARK. \$5,000.

Mr. DASH. Would you please briefly give the committee the details of how you received the bonus, and in that, who informed you about it and what did you expect to do with that bonus?

Mr. CLARK. On April 6, I was called to Mr. Bartlome's office—

Mr. DASH. Who is Mr. Bartlome?

Mr. CLARK. He is secretary of the corporation.

Mr. DASH. Please continue.

Mr. CLARK. I was informed by him that I had a bonus of \$5,000 that I was to make out a check for \$3,000 to a Committee To Re-Elect the President.

Mr. DASH. Did he inform you as to who had informed him to tell you about this?

Mr. CLARK. No, he did not.

Mr. DASH. Did you know or have you learned who set up the bonus plan?

Mr. CLARK. I cannot say.

Mr. DASH. You do not have any knowledge or even hearsay knowledge?

Mr. CLARK. My contact was strictly with Mr. Bartlome.

Mr. DASH. Through Mr. Bartlome?

Mr. CLARK. Yes.

Mr. DASH. Did you say you were to make one check?

Mr. CLARK. I beg your pardon. It was two checks, one for \$3,000 and one for \$100.

Mr. DASH. Do you know why you broke up the contribution for the Committee To Re-Elect the President into \$3,000 and \$100, two separate checks?

Mr. CLARK. No, I received a slip of paper from Mr. Bartlome stating the committee name and the amount to be made out.

Mr. DASH. What date was this? Did you say April 6?

Mr. CLARK. April 6.

Mr. DASH. Were you told anything concerning whether or not that date, April 6, was relevant, why the contribution had to be made then?

Mr. CLARK. Yes; the intent of writing the check on April 6 was because of the disclosure law going into effect on April 7.

Mr. DASH. So that having given the contribution on April 6 would mean that it did not have to be disclosed?

Mr. CLARK. Yes.

Mr. DASH. Now, you have been provided by the committee staff with some exhibits and tabs. Would you look at exhibit 271-1? Could you identify this exhibit for the committee?

Mr. CLARK. That is my check voucher for the bonus in 1972.

Mr. DASH. And does it show that a payment of \$5,000, and after deductions, a net pay of \$3,700?

Mr. CLARK. Yes, it does.

Mr. DASH. And it was from the \$3,700 that you made the two checks, one a \$3,000 check and one a \$100 check, as a political contribution?

Mr. CLARK. Yes.

Mr. DASH. That would leave some money left over. That would be \$3,100 from \$3,700. Six hundred dollars left over. What did you do with the other \$600? Was this for your own use?

Mr. CLARK. No; it was not. There were some cash donations that I cannot recall at this time, the amounts or to whom.

Mr. DASH. You say a cash donation. Did you deposit the original \$3,700 in your own account?

Mr. CLARK. Yes, sir. One amount of the cash I think was the amount of \$300, was a check written to cash and deposited through the American Ship Building Co. petty cash.

Mr. DASH. You understood that to be used for other political contributions that would be made in cash?

Mr. CLARK. Mr. Bartlome always informed me of the amounts of money and to whom. He kept the record of this. I did not.

Mr. DASH. Would you look at exhibit 271-2? Exhibit 271-2 appears to be a copy, a photocopy of two checks, one made out to Loyal Americans for Government Reform in the amount of \$3,000 on your bank account, signed by you, dated April 6. The other a check made out for Stable Society Council for \$100 on your bank account and signed by you for \$100. Are these the two checks that you made out?

Mr. CLARK. Yes, they are.

Mr. DASH. And you gave to Mr. Bartlome?

Mr. CLARK. Yes, I did.

Mr. DASH. By the way, if you look at exhibit 271-3, there is a photocopy of a slip of paper that has the two committees on it—one, the Stable Society Council, \$100, and the other, Loyal Americans for Government Reform, \$3,000. What is that slip? How did you receive that?

Mr. CLARK. This is the slip of paper that Mr. Bartlome gave me in order for me to make out the correct amount and to the correct committee.

Mr. DASH. So he really gave you that slip of paper to guide you and direct you as to which committees actually should receive the contributions?

Mr. CLARK. Yes.

Mr. DASH. Did you know that those committees were Committees To Re-Elect the President?

Mr. CLARK. Yes.

Mr. DASH. Did you receive any personal receipt for this contribution?

Mr. CLARK. No, I did not.

Mr. DASH. And you made the contribution from the bonus which was, in fact, not a bonus for you but a bonus to give political contributions through these personal checks?

Mr. CLARK. Yes, sir.

Mr. DASH. And you gave that to Mr. Bartlome?

Mr. CLARK. Yes.

Mr. DASH. Do you know whether or not he in fact gave those checks to the Committee To Re-Elect the President?

Mr. CLARK. I don't know personally if he did.

Mr. DASH. Did he ever report to you that he did? Did he ever tell you that he did?

Mr. CLARK. Yes.

Mr. DASH. Now, without specifically indicating the nature of the political contributions, you have received similar bonuses at earlier times for political contributions from the company in the same procedure that you have just indicated in this 1972 bonus. Is that true?

Mr. CLARK. That is true.

Mr. DASH. And again, these so-called bonuses were in fact not bonuses, but in fact, was money from the corporation being given to you in the form of a bonus which you understood you had to pay back in the form of a contribution, a political contribution?

Mr. CLARK. Yes.

Mr. DASH. And you in fact did that?

Mr. CLARK. Yes.

Mr. DASH. Were you aware as—well, I think you have answered the question. You were not aware as to who ultimately approved this bonus plan?

Mr. CLARK. No.

Mr. DASH. You worked with Mr. Bartlome, you say?

Mr. CLARK. Yes.

Mr. DASH. Did you know that it was illegal for a corporation to make a political contribution out of corporate funds?

Mr. CLARK. Not at first, very truthfully, but I have since learned.

Mr. DASH. You have since learned?

Mr. CLARK. Yes.

Mr. DASH. Now, in August of 1973, were you interviewed by the Federal Bureau of Investigation or by agents of the Federal Bureau of Investigation, concerning your contribution to the reelection of the President?

Mr. CLARK. I was.

Mr. DASH. Prior to this interview, Mr. Clark, did you have a conversation with Mr. Steinbrenner, the president of the corporation?

Mr. CLARK. Yes; I did.

Mr. DASH. Could you briefly tell us what that meeting or conversation was about?

Mr. CLARK. Mr. Steinbrenner mentioned that the FBI would be interviewing us about our contributions and that Mr. Melcher, our corporate lawyer, would be talking to us about it further.

Mr. DASH. Did he suggest that you meet with Mr. Melcher?

Mr. CLARK. Evidently, he had already preplanned that Mr. Melcher would contact me.

Mr. DASH. And did he contact you?

Mr. CLARK. Yes; he did.

Mr. DASH. Did Mr. Steinbrenner say anything further to you about that?

Mr. CLARK. Just not to be concerned with it, it was routine.

Mr. DASH. That this was a routine investigation, that you shouldn't be concerned about it?

Mr. CLARK. Yes.

Mr. DASH. Now, you did meet with Mr. Melcher. When did you meet with Mr. Melcher? How much before, how much prior to the meeting with the FBI agents?

Mr. CLARK. I believe it was 3 or 4 days prior to my meeting with the FBI agents. I believe there was a weekend in between.

Mr. DASH. All right, now, what, if anything, did Mr. Melcher tell you?

Mr. CLARK. He told me that we would be questioned by the FBI and to tell them that my wife and I had decided on our own to donate the money to reelect the President. I mentioned to Mr. Melcher that I did not want to involve my wife and would not, but I would say that I had decided to do this.

Mr. Melcher had in his possession previous statements by Mr. Bartlome and Mr. Lepkowski.

Mr. DASH. Mr. Lepkowski, an employee who also received a bonus for the purpose of making a political contribution?

Mr. CLARK. That is what I understand.

Mr. DASH. And he had in his possession statements from Mr. Bartlome and Mr. Lepkowski, and these statements were given to the FBI?

Mr. CLARK. Yes.

Mr. DASH. They had already been interviewed by the FBI?

Mr. CLARK. Yes.

Mr. DASH. And you say Mr. Melcher had these in his possession?

Mr. CLARK. Yes.

Mr. DASH. Did he show them to you?

Mr. CLARK. Just by holding them up in front of me and saying, "Reports by Mr. Lepkowski and Mr. Bartlome, and I want you, after we are through here, to go down and take a look at them to get an idea what they had said."

Mr. DASH. And what impression did you get from that recommendation?

Mr. CLARK. Well, the impression I got—he had mentioned that we should say that we gave the donation because of—because of President Nixon's involvement in the shipping industry and to help the shipping industry to get an idea of what vein the other fellows had made the——

Mr. DASH. In other words, would it be fair to say, what he was suggesting to you was that your stories be the same, or approximately the same, that you were giving a voluntary contribution out of your own funds and that it was for President Nixon's reelection because of what he had done for the shipping industry?

Mr. CLARK. Yes.

Mr. DASH. Now, did you in fact go down and read Mr. Bartlome's and Mr. Lepkowski's statements?

Mr. CLARK. I went down and contacted Mr. Bartlome. He did not have this report there. I then went and saw Mr. Lepkowski. He did have his report. I did read it in Mr. Lepkowski's presence and returned it to him.

Mr. DASH. Then were you interviewed by the FBI agents?

Mr. CLARK. Yes.

Mr. DASH. And did you in fact give the kind of statement that Mr. Melcher and Mr. Bartlome and Mr. Lepkowski indicated that you should give?

Mr. CLARK. Similar, yes.

Mr. DASH. Now, if you look at exhibit 271-5, there is a—what appears to be a handwritten copy of your statement. Is this the—will you look at it and could you identify it——

Mr. CLARK. Yes.

Mr. DASH [continuing]. As the statement which you gave and it was put down in this form by the FBI agents?

Mr. CLARK. Yes, it is.

Mr. DASH. Do you want to read the statement for the committee?

Mr. CLARK [reading]:

I, Matthew Edward Clark, Jr. make this free and voluntary statement to Ambrose P. Burke, Jr. and Michael T. Bartley, who have identified themselves to me as special agents of the Federal Bureau of Investigation.

Agent Burke furnished me with an interrogation; advice of rights from which I read, understood the meaning of, and executed the waiver section of this form. I have been employed by American Ship Building Company since March of 1968. I am presently the director of purchasing and previously held positions of chief expeditor and estimator.

My salary in March of 1968 when I began employment with this company was \$8,600 and my present salary as of August 1973 is \$16,300.

In connection with bonuses received from American Ship Building Company I received none in 1968 and may have received one in both 1969 and 1970, but I am not sure of this. In the years 1971 and 1972 I recall receiving a bonus of about \$5,000 each year. This bonus would be paid by regular payroll check and would be less deductions for taxes, et cetera. I cannot recall the exact net amount of these bonuses.

In connection with stock options at American Ship Building Company, I have two options to purchase 500 shares of stock each, one option being in the range of \$21.00 per share and the other option at about \$22.00 per share. These options will expire in 1975 or 1976 and to date I have not purchased any of the stock.

During the early part of 1972, the exact period of time unrecalled, I discussed the presidential campaign with many of my fellow employees. I felt that I wanted to contribute in some way to the reelection of President Nixon as I felt the shipping industry was profiting more since the passage of the Maritime Act of 1970. I also feel that I hoped indirectly to bring to the attention of Mr. George Steinhrenner, chairman and chief executive officer of American Ship Building Company, that I was personally interested in the future of the shipbuilding industry by backing the Nixon administration which administration helped the industry.

In particular, I recall speaking more with Mr. Robert Bartlome about making a contribution to assist in the reelection of President Nixon, in that I inquired of Mr. Bartlome how I would go about making a contribution. Mr. Bartlome said he would get a list of organizations connected with Nixon's reelection campaign and that I could choose one of these organizations to contribute to. I chose one of the organizations from a list provided me by Mr. Bartlome, however, I cannot recall the name of the organization or committee, but do recall it had the word "Society" in it.

I also learned sometime around February 1972 from Mr. Bartlome that I would be receiving a bonus, but I did not know the amount of the bonus or when I would receive it.

In April of 1972 I wrote a check in the amount of \$3,000, on my Cleveland Trust checking account payable to the committee mentioned above. I gave this check to Mr. Bartlome with the implied understanding that he would see the check arrived at its proper destination.

Also in either late 1971 or early 1972 I purchased 2 tickets to a political dinner to be held in Washington, D.C.

Mr. DASH. By the way, in the face of your statement, this has nothing to do with the Presidential campaign of 1972?

Mr. CLARK. Yes.

Mr. DASH. So that actually you have now arrived at the point of your statement to April 1972, you wrote a check in the amount of \$3,000. That was to the committee—a committee of the Committee To Re-Elect the President?

Mr. CLARK. Yes.

Mr. DASH. Now, the balance of your statement which will go into the record—

Mr. CLARK. Could you repeat your last question?

Mr. DASH. You began to get into a paragraph of your statement to the FBI dealing with tickets to a political dinner or something, and the question I asked was whether or not that part of your statement had anything to do with the Presidential campaign of 1972?

Mr. CLARK. I really cannot say. I really do not know.

Mr. DASH. Well, if you do not know, you can read that paragraph. It may have. Is that what you are saying?

Mr. CLARK. Yes.

Mr. GREENEBAUM. He just does not know.

Mr. CLARK. I just do not know.

Mr. DASH. Well, in any event, without having to go through the entire statement, there were other contributions your statement indicates you made based on the bonus received from the company.

Mr. CLARK. Yes.

Mr. DASH. The statement, although not in total but in those parts dealing with your desire to make a contribution to the Committee To Re-Elect the President, and for the purpose of supporting the President for his position in the shipbuilding industry, and the fact that this was your own voluntary contribution; this was a false statement that you were making to the FBI?

Mr. CLARK. Yes.

Mr. DASH. Now, did you later sign a statement claiming that the bonus was not connected to any political contribution but was actually a bona fide bonus given you for your work in the corporation?

Mr. CLARK. Yes. I believe it was around April of 1972—I beg your pardon.

Mr. DASH. Actually, it is earlier rather than later that you signed that statement. What was—

Mr. CLARK. Let me—

Mr. DASH. Do you want to read that?

Mr. CLARK [continuing]. Let me correct that. It was April 1973. And 1973 is when I received the certificate from Mr. Bartlome.

Mr. DASH. Could you briefly tell the committee how that came about? You said you received a certificate from Mr. Bartlome?

Mr. CLARK. Mr. Bartlome called me to his office and said that I would like you to sign this. And I read it and I said something to him to the extent, you have got to be kidding, and he said, no, I would like you to sign it.

Mr. DASH. All right. Now, would you look at exhibit 271-4 and will you identify the certificate under the heading "American Ship Building Co.," as the certificate that Mr. Bartlome gave you and asked you to sign?

Mr. CLARK. Yes.

Mr. DASH. Let me just read that brief certificate. [Reading:]

The undersigned acknowledges that in the year 1972 he received a bonus for services rendered to the company in the amount of \$5,000.

The undersigned does hereby certify that the receipt of such bonus was in no manner, either directly or indirectly, conditioned upon or subject to the making by him of any contribution, whether charitable, political or otherwise.

The undersigned does hereby further certify that at no time during the year 1972 has any director, officer, or supervisory employee of the company or any of its subsidiaries or affiliates, directly or indirectly, directed, requested or suggested that I make contributions to any charitable or religious group or organization or to any political organization or candidate, and that any contributions so made by me during the year 1972 were entirely voluntary and of my own choosing.

Now, you said this—when you saw that language, is that the language about which you said "you have got to be kidding," to Mr. Bartlome?

Mr. CLARK. Yes.

Mr. DASH. But nevertheless he asked you to sign it and you did sign it.

Mr. CLARK. Yes.

Mr. DASH. And you knew this was a false statement?

Mr. CLARK. Yes.

Mr. DASH. And, by the way, the date of that is December 30, 1972. Is that the date you actually signed that statement?

Mr. CLARK. No. It was signed in April of 1973 and Mr. Bartlome asked me to backdate it.

Mr. DASH. This was backdated for the purpose of giving some legitimacy to that bonus and the contribution.

Now, were you subpoenaed to appear before the special grand jury sitting in Washington, D.C.?

Mr. CLARK. Yes, I was.

Mr. DASH. And when were you subpoenaed to appear?

Mr. CLARK. I was subpoenaed on Friday, August 31.

Mr. DASH. And on what date were you to appear? Do you recall the date your appearance was called for?

Mr. CLARK. At that time it was September 5.

Mr. DASH. What did you do, Mr. Clark, when you received the subpoena?

Mr. CLARK. Immediately upon receiving the subpoena I went to the phone and called Mr. Steinbrenner. Mr. Steinbrenner was not at home and I left word for him to call me back. My next stop was to call Mr. Melcher. I didn't have his home phone number, so I called Mr. Bartlome. I told Mr. Bartlome that I had been subpoenaed and I would like to have Melcher's phone number. He gave it to me and I called Mr. Melcher and told him that I had been subpoenaed.

Mr. DASH. And what did Mr. Melcher tell you?

Mr. CLARK. He was surprised, I think, that I had been subpoenaed and he told me not to worry about it, that if it came that we had to go he would definitely go with me.

Mr. DASH. Now, on September 3, 1973, did you and Mr. Bartlome meet with Mr. Steinbrenner?

Mr. CLARK. Yes. That was Labor Day and Mr. Bartlome called me in the morning and said that Mr. Steinbrenner wanted to see me.

Mr. DASH. And who else was present at that meeting?

Mr. CLARK. Present at the meeting were Mr. Bartlome, Mr. Lepkowski, myself, and Mr. Steinbrenner.

Mr. DASH. What were you told by Mr. Steinbrenner at that meeting?

Mr. CLARK. Basically we were told that Mr. Steinbrenner would do everything in his power so we wouldn't have to go, that we should not worry about it, and be calm about it. It was a very short meeting.

Mr. DASH. Did you say anything to Mr. Steinbrenner?

Mr. CLARK. Later on Mr. Bartlome—we all left that particular office.

Mr. DASH. Prior to leaving, do you recall saying to Mr. Steinbrenner at that time that you would not perjure yourself before the grand jury?

Mr. CLARK. This is what I am driving at. We all left that office and went into another office, Mr. Lepkowski and I did, and later Mr. Steinbrenner followed. At that time Mr. Lepkowski and I both told Mr. Steinbrenner that we would not perjure ourselves, that we would tell the truth to the grand jury.

In fact, Mr. Lepkowski had his FBI statement present and said he couldn't abide with everything that was in that statement.

Mr. DASH. Now, prior to the September 5 scheduled grand jury appearance what occurred? Did you have to appear before the grand jury personally on September 5?

MR. CLARK. No. On September 4 we knew that Mr. Melcher was in Washington trying to delay our appearance and we were expecting a phone call from him one way or another. We then got the understanding, about 5:30 that night, that he had not been successful in postponement and we all were prepared then to go to Washington the next morning. About 10:45 that night Mr. Robert Dibble of our corporation called me and in essence told me that four people were going and four people weren't going the next day. And I was one of the ones that was not going. Mr. Bartlome was not going. Mr. Kissel was not going.

MR. DASH. Now, at this time were you continuously being assured that you shouldn't worry, that you would not be called before the grand jury?

MR. CLARK. Well, at this time, at the meeting on September 3, I had told Mr. Steinbrenner that I had this piece of paper that said I had to be there and I sure would like a piece of paper saying I don't have to be there.

MR. DASH. You didn't get such a piece of paper, did you?

MR. CLARK. No.

MR. DASH. Was the grand jury September 5 appearance for anybody, a postponement?

MR. CLARK. Yes. Four of the fellows did go down and our appearance before the grand jury was postponed to September 18.

MR. DASH. September 18?

MR. CLARK. Yes.

MR. DASH. Now, did you and others meet with Mr. Steinbrenner the day after the—on Thursday, September 6?

MR. CLARK. Yes.

MR. DASH. Could you tell us who attended that meeting?

MR. CLARK. On September 6 around—a little after lunchtime the following met with Mr. Steinbrenner: Mr. Dibble, Mr. Bartlome, Mr. Lepkowski, Mr. Walker, Mr. Stafford, and myself.

MR. DASH. And, by the way, were those the employees who had received a bonus and made political contributions out of them?

MR. CLARK. Yes.

MR. DASH. Now, what was the purpose of the meeting and can you briefly tell us what was discussed at the meeting?

MR. CLARK. Yes. Mr. Steinbrenner called the meeting to announce to us that Mr. Williams, an attorney in Washington—

MR. DASH. Is that Edward Bennett Williams?

MR. CLARK [continuing]. Yes. And Mr. Lawless were going to be in on the case now and that Mr. Williams' group would help consider the nature of the activity of our appearance. During that meeting it got to be kind of lighthearted because we were now postponed and it was some relief that we didn't have to go. Mr. Steinbrenner mentioned that he had wanted to go before the grand jury or before the committee—the prosecuting committee, then the Cox committee—as did previous companies, such as American and Braniff, I think are the names he mentioned. He wanted to do that but he was advised not to.

I mentioned to Mr. Steinbrenner again, as others did, that we—if we had to go we would tell the truth. We felt sorry for that because we had to go back directly to Mr. Bartlome. It came about in some confusing words that Mr. Steinbrenner thought, that we thought,

that he did not have concern for us and there were some words between he and Mr. Lepkowski about this.

At that time he said, I think Mr. Steinbrenner said, "Don't worry about it," and I said, "I wish you would stop using that statement."

Mr. DASH. Were you worrying about it, by the way?

Mr. CLARK. Yes. We were very worried about it and we were getting a little upset about it ther because we could not see any particular path that we were following.

I had mentioned to him; before, Mr. Melcher told me not to worry about the FBI report, Mr. Melcher told me not to worry when I got subpoenaed, he told me not to worry because I did not have to answer a grand jury subpoena, and he told me not to worry about having to go down at all. I said, all I can see is me standing with my face behind bars and Mr. Melcher telling me not to worry about it. At that time, we all laughed about it and the phone rang and it was Mr. Melcher. George turned to me with his hand cupped over the phone and said, "Matt, it is your friend." I said, "tell him not to worry about anything."

Mr. DASH. On the next day, September 7, you saw Mr. Steinbrenner again. Did he offer you or did he ask you to take any time off?

Mr. CLARK. Well, during that meeting—at the tail end of that meeting—it was getting into the newspapers quite readily now about this, and so on, and we were quite concerned about our families and our children. So I said to Mr. Steinbrenner—he said to all of us, he said: "Why don't you all take an extended weekend and go away for the weekend?" This would have been Friday. Some of us discussed it and then finally, I decided to myself, yes, I would go.

I said, well, I am going down to get some expense money, and Mr. Steinbrenner said, no, don't do that.

Mr. DASH. You would be getting expense money from the corporation, corporation money?

Mr. CLARK. Yes.

Mr. DASH. What did he say to you?

Mr. CLARK. He said no, don't do that. He had gotten some money and he said, here, take this.

Mr. DASH. How much did he give you?

Mr. CLARK. I received \$200.

Mr. DASH. Did you learn that any other employee—

Mr. CLARK. This was in the presence of Mr. Walker and he also offered it to Mr. Walker. In the beginning, Mr. Walker refused to take the money, but then, as we further discussed, he did take the money.

Mr. DASH. Did Mr. Lepkowski receive \$200, too?

Mr. CLARK. Mr. Lepkowski told me he was offered the money but he did not take it because he did not plan on going anywhere that weekend.

Mr. DASH. Did he offer that money in the form of a loan to you?

Mr. CLARK. It is difficult to say. I had just paid all my bills and I was going to go away for the weekend and I did not have any cash to do it, so I decided to go down and get expense money to cover the expenses, and he said no, take this.

Mr. DASH. So he gave it to you. Did you make up your own mind at that time that you were going to pay him back?

Mr. CLARK. Somewhat, yes.

Mr. DASH. As a matter of fact, did you actually have a letter instructing payroll to make payroll deductions to allow you to have that money paid back?

Mr. CLARK. Yes; I did, but Mr. Steinbrenner, said, take this now and go and have a good weekend for your family, because they have been through a lot and they should not have to be through all this, so take them away.

Mr. DASH. If you look at exhibit No. 271-6 of the exhibits, on the letterhead of the American Ship Building Co., a letter dated September 26, 1973, a letter to Mr.—I take it Lepkowski—

Mr. CLARK. Yes.

Mr. DASH [continuing]. Stamped, "Please deduct \$25 from paycheck for the next eight pay periods for a total of \$200. The \$200 should be credited to the account of George M. Steinbrenner III," with your name.

Did you in fact go through or implement that payroll deduction plan?

Mr. CLARK. No; I did not.

Mr. DASH. So you did not pay the money back, and I understand that you did not because you thought the money really was given to you because of the hardship that was provided for your family during this time.

Mr. CLARK. I had found out subsequently that the—I had thought that the other fellow had paid it back. Therefore, I had proceeded to make out this form. I later found out that he did not pay it back, so I decided not to.

Mr. DASH. On September 11, 1973, did you and others meet with a lawyer recommended to you, a lawyer by the name of—known as Judge Lawless?

Mr. CLARK. Yes.

Mr. DASH. Who was at the meeting?

Mr. CLARK. There was Mr. Melcher, Mr. McMahon, Clifford Roth, Ronald Slater, myself, Mr. Bartlome, Mr. Lepkowski, Mr. Walker, Mr. Kissel, and Mr. Stafford.

Mr. DASH. And again, aside from Mr. Melcher, who was counsel for the corporation, the others were employees like yourself who had been given bonuses and made political contributions from the bonuses?

Mr. CLARK. No; there was—our corporate counsel was there.

Mr. DASH. That was Mr. Melcher?

Mr. CLARK. No; Mr. Roth.

Mr. DASH. Mr. Roth?

Mr. CLARK. And also Mr. Slater was there—I do not believe he was in the same category.

Mr. DASH. All right, Now, did Judge Lawless, Mr. Lawless, indicate to you that he was acting as your lawyer during this meeting?

Mr. CLARK. No; he did not. He said he was there only to advise us and he was not acting as our counsel.

Mr. DASH. What in fact did he advise you? What did he tell you?

Mr. CLARK. Well, we had a general discussion. We then had found out about the statute 1001, which came as a great surprise to all of us.

Mr. DASH. How did you find out about that? This is title 18, U.S.C. 1001, which generally deals with making false statements to a Federal agency and is a felony under the Federal Penal Code. How did that come to your attention?

Mr. CLARK. As I got off the elevator in the corporate office, Mr. Stafford came up to me and said, "I think we have got a little problem here. I have been told earlier this morning by Judge Lawless that our statement made to the FBI was to be considered under oath."

At that time, or subsequently, in the meeting, Judge Lawless got in to explain what he had meant by telling that to Mr. Stafford earlier in the morning.

Mr. DASH. Did you resolve the discussion at that meeting as to whether or not your statements were in violation of title 18 U.S.C. 1001?

Mr. CLARK. Not really.

Mr. DASH. Did this add to your concern, by the way?

Mr. CLARK. Most certainly.

Mr. DASH. Did Mr. Lawless talk about anything else with you? Did he give you other advice? Did he evaluate your situation for you?

Mr. CLARK. He went through and told us, I think it came up about immunity, and he explained to us the general procedures on getting immunity, and mentioned that perhaps our FBI statements were not complete, or we now recall a little more than what we had before.

At that time, I got my FBI report and said to him, no, Judge Lawless, I lied on this report, because now we were getting somewhat upset—I mean the eight fellows—because there seemed to be no ends tied together and we wanted people to understand that we were going to tell the truth. I explained to him that my statement was not totally correct.

Mr. DASH. Did he suggest at that time that you should have your own counsel, or have counsel representing you?

Mr. CLARK. Yes.

Mr. DASH. Now, after this meeting, did you meet with Mr. Steinbrenner?

Mr. CLARK. Yes; I returned to Lorain and Mr. Steinbrenner was there and I talked with him briefly, mentioned to him that we had had a meeting with Mr. Lawless and some more things came to light. He had mentioned generalizations as to types of contributions and what-not.

Mr. DASH. I don't understand what you just said, "he mentioned generalizations of the types of contributions."

Mr. CLARK. Well, Judge Lawless was telling us in that meeting of the types, that our contribution was kind of like a gray area and that the people that had given cash were in a black area and other people that had given other types of contributions were in a white area.

Mr. DASH. In other words, you were being advised as to the priorities of impropriety that were involved in the various transactions and that your activity was a sort of gray area, is that it?

Mr. CLARK. Yes.

Mr. DASH. And you reported this back to Mr. Steinbrenner?

Mr. CLARK. Yes. All through this meeting with Judge Lawless, he did say if we must appear before the grand jury, we are definitely, without doubt, to tell the truth and the whole truth.

Mr. DASH. Did you tell Mr. Steinbrenner at this meeting what you were going to do?

Mr. CLARK. No; I don't believe so. I don't recall.

Mr. DASH. Did he ask you to do anything, what he wanted you to do?

Mr. CLARK. No.

Mr. DASH. Did he tell you what he had wanted to do?

Mr. CLARK. Oh, yes. He had mentioned that all along, he wanted to go forward and talk to the committee as did American and Braniff.

Mr. DASH. And what had prevented him from doing so?

Mr. CLARK. He was advised by legal counsel not to.

Mr. DASH. Did you retain your own counsel?

Mr. CLARK. In a roundabout way, he was retained by Mr. Melcher.

Mr. DASH. Is this present counsel who is with you now?

Mr. CLARK. Yes.

Mr. DASH. By the way, who is paying the fee of your counsel?

Mr. CLARK. In a meeting we had at our attorney's office, Mr. Melcher mentioned that the corporation would take care of all the fees involved.

Mr. DASH. Was there any understanding on your part that on the basis of the corporation paying your fees, either your testimony before the grand jury or before any other body, would be affected by that?

Mr. CLARK. No.

Mr. DASH. In other words, you were telling everybody that you were going to tell the truth as you knew it?

Mr. CLARK. Yes.

Mr. DASH. Did the company, however, seek to obtain an indemnity agreement from you for the payment of fees should impropriety or illegality result from your testimony?

Mr. CLARK. Yes.

Mr. DASH. Did you agree to enter into such indemnity agreement?

Mr. CLARK. Immediately, I sent the agreement off to our attorneys, who advised us not to sign it.

Mr. DASH. And you have not signed it?

Mr. CLARK. That is correct.

Mr. DASH. Did you meet with the special prosecutor's staff?

Mr. CLARK. Yes.

Mr. DASH. Do you know when you had that meeting?

Mr. CLARK. We met with the special prosecutor staff on Monday evening, September 17.

Mr. DASH. At that time, did you agree to cooperate with the special prosecutor's force and give testimony that would be truthful testimony concerning these events?

Mr. CLARK. I did.

Mr. DASH. Were you offered immunity?

Mr. CLARK. I was.

Mr. DASH. Did you in fact testify before the grand jury?

Mr. CLARK. I did.

Mr. DASH. When did you testify before the grand jury?

Mr. CLARK. Tuesday, September 18.

Mr. DASH. Is the testimony that you have given here today before the committee the testimony that you have given to the grand jury?

Mr. CLARK. Yes.

Mr. DASH. I have no further questions, Mr. Chairman.

Senator INOUE [presiding]. Mr. Thompson.

Mr. THOMPSON. Mr. Chairman, Mr. Richard Schultz, assistant minority counsel, will question this witness.

Senator INOUE. Mr. Shultz.

Mr. SCHULTZ. Mr. Clark, would you describe for us the conversation when Mr. Bartlome first solicited the contribution and explained the bonus plan to you?

Mr. CLARK. It is very vague, because this conversation took place in 1970.

Mr. SCHULTZ. When in 1970?

Mr. CLARK. I do not recall. I just knew from that conversation that the bonuses I was to receive were for political purposes only, that I could not use them for my own personal expenses.

Mr. SCHULTZ. Does Mr. Bartlome have authority to grant bonuses?

Mr. CLARK. No, I don't believe so.

Mr. SCHULTZ. Who does?

Mr. CLARK. I believe Mr. Steinbrenner does.

Mr. SCHULTZ. What is your relationship with Mr. Steinbrenner?

Mr. CLARK. Well, I am an employee of the American Ship Building Co. I have known Mr. Steinbrenner for some years.

Mr. SCHULTZ. In what capacity?

Mr. CLARK. Well, he is a sports enthusiast and I played sports, played football, and knew him casually from that.

Mr. SCHULTZ. When you say played football, you mean you grew up in the same community?

Mr. CLARK. Yes, we grew up in the same community.

Mr. SCHULTZ. Is there any question in your mind that, in fact, Mr. Steinbrenner was the moving force behind the bonuses and political contributions?

Mr. GREENEBAUM. Are you asking him to speculate, Mr. Schultz?

Mr. SCHULTZ. I am asking him if there is any question in his mind. He stated before that he dealt specifically only with Mr. Bartlome, but I am asking him if in his mind, he knows the moving force behind this?

Mr. CLARK. I cannot say. I cannot answer that properly.

Mr. SCHULTZ. Well, does Mr. Steinbrenner delegate a lot of authority in the company?

Mr. CLARK. There is delegation of authority, yes.

Mr. SCHULTZ. Then are you saying that it is conceivable that Mr. Bartlome was delegated authority to grant these bonuses and that Mr. Steinbrenner would have no knowledge?

Mr. CLARK. No, I don't believe that is true.

Mr. SCHULTZ. Then it is a fair statement to say that you believe Mr. Steinbrenner knew about the bonuses and/or approved them?

Mr. CLARK. Yes, I would say so.

Mr. SCHULTZ. Did you receive a bonus in September of 1970?

Mr. CLARK. Yes, I did.

Mr. SCHULTZ. Was this bonus granted for the specific purpose of raising money for campaign contributions?

Senator INOUE. I would like to interrupt at this point. Is this a contribution for the Presidential election of 1972?

Mr. SCHULTZ. I don't know; I am merely trying to establish the number of bonuses that Mr. Clark received.

Mr. CLARK. Would you repeat the question, please?

Mr. SCHULTZ. I believe my question was: What was the amount of the bonus in 1970?

Mr. CLARK. In 1970, it was \$5,000.

Mr. SCHULTZ. Did you receive a bonus in 1971, November of 1971?

Mr. CLARK. Yes, I did.

Mr. SCHULTZ. What was the gross amount of this bonus?

Mr. CLARK. The same, \$5,000.

Mr. SCHULTZ. And you received a bonus on April 6 of 1972. What was the gross amount of this bonus?

Mr. CLARK. \$5,000.

Mr. SCHULTZ. What was the net amount of each of these three bonuses?

Mr. CLARK. \$3,700.

Mr. SCHULTZ. So from September of 1970 through April 6 of 1972, you received a net total amount of \$11,100, is that correct?

Mr. CLARK. Yes.

Mr. SCHULTZ. And out of that \$11,100; you contributed \$3,100 to the two committees for the Committee To Re-Elect?

Mr. CLARK. Yes.

Mr. SCHULTZ. Mr. Clark, are you aware of any other techniques that were used to raise campaign contributions by the company?

Mr. CLARK. Yes, there was a time when Mr. Bartlome came to me and asked me to make out false expense reports.

Mr. SCHULTZ. When was this?

Mr. CLARK. It was in 1973, I believe it was February 1973.

Mr. SCHULTZ. Sometime in 1973?

Mr. CLARK. Early 1973.

Mr. SCHULTZ. Did these false vouchers result in cash fund?

Mr. CLARK. Very truthfully, I just turned over the expense voucher to Mr. Bartlome. I don't know what he did with it.

Mr. SCHULTZ. To your knowledge, were any of these funds used for the Presidential campaign of 1972, to clear up debts?

Mr. CLARK. Not to my knowledge.

Mr. SCHULTZ. Thank you. I have no further questions.

Senator INOUE. Mr. Clark, I just have a few questions here for clarification.

Did Mr. Steinbrenner at any time ask you to make this contribution to the Committee To Re-Elect the President?

Mr. CLARK. No, he did not.

Senator INOUE. Did he ever discuss this contribution with you prior to your making it?

Mr. CLARK. No, he did not.

Senator INOUE. I recall in your testimony, you indicated that Mr. Steinbrenner had told you that he wanted to go to the special prosecutor?

Mr. CLARK. Yes.

Senator INOUE. Did he go to the special prosecutor?

Mr. CLARK. Not to my knowledge.

Senator INOUE. And I believe you testified that he did not because of advice of someone? Who advised him not to go, sir?

Mr. CLARK. Well, most of the time when Mr. Steinbrenner made this statement he would say his attorneys, although I do think on one occasion he did mention the name of Mr. Melcher and Mr. McMahon.

Senator INOUE. So it is your testimony that at no time did Mr. Steinbrenner request, direct, or ask you to make this contribution?

Mr. CLARK. Correct.

Senator INOUE. Thank you very much.

Senator Weicker.

Senator WEICKER. I have no questions.

Senator INOUE. Senator Montoya.

Senator MONTOKA. No questions.

Senator INOUE. Counsel.

Mr. DASH. I have no further questions of the witness, Mr. Chairman.

Senator INOUE. Mr. Clark, thank you very much, sir.

[Recess.]

Senator INOUE. The hearing will please come to order.

Counsel will call the next witness.

Mr. DASH. Mr. Robert Bartlome.

Senator INOUE. Mr. Bartlome, will you please rise and raise your right hand, sir? Do you swear that the testimony you will give to this select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BARTLOME. I do.

Senator INOUE. Thank you very much, sir.

Mr. DASH. Mr. Bartlome, you are accompanied by counsel and counsel is the same counsel who has already identified himself for the record with Mr. Clark. Do you have any statement, Mr. Bartlome, that you wish to read or give to the committee in advance of your testimony?

TESTIMONY OF ROBERT BARTLOME, ACCOMPANIED BY LEONARD C. GREENEBAUM, COUNSEL

Mr. BARTLOME. No; I do not.

Mr. DASH. What is your present position, Mr. Bartlome?

Mr. BARTLOME. I am secretary of American Ship Building Co.

Mr. DASH. And how long have you been with the company?

Mr. BARTLOME. Since 1965.

Mr. DASH. Did you hold this position as secretary with the company during that period of time?

Mr. BARTLOME. No; since 1968.

Mr. DASH. All right. What position did you start at?

Mr. BARTLOME. I started in the planning department, programing, assistant secretary, gradually promoted to secretary.

Mr. DASH. What salary do you now earn as secretary to the corporation?

Mr. BARTLOME. \$27,500.

Mr. DASH. Could you briefly describe your duties as secretary?

Mr. BARTLOME. Well, everything pertaining to the board of directors' meetings, minutes of the American Ship Building Co., and all of our subsidiaries, stockholders information, correspondence.

Mr. DASH. Now, as part of your compensation in addition to your salary, did you regularly receive bonuses from the corporation which you were to keep for your own use?

Mr. BARTLOME. No.

Mr. DASH. In fact, did you receive specific bonuses, especially one in 1972 from the company?

Mr. BARTLOME. Yes.

Mr. DASH. Could you briefly tell the committee how and when you learned about the bonus program, from whom, and what the program was?

Mr. BARTLOME. It started back in 1970 in a meeting with Mr. Steinbrenner and Mr. Lepkowski and I.

Mr. DASH. Will you just speak a little slower so we can all hear you?

Mr. BARTLOME. OK. I said there was a need to—

Mr. DASH. This meeting was with Mr. Steinbrenner and—Mr. Steinbrenner is—what position does he hold in the corporation?

Mr. BARTLOME. Chairman and chief executive officer.

Mr. DASH. Who else was there?

Mr. BARTLOME. Mr. Stanley J. Lepkowski.

Mr. DASH. What was his position?

Mr. BARTLOME. Treasurer and controller.

Mr. DASH. Please tell us what happened at that meeting.

Mr. BARTLOME. There was a need to make contributions.

Mr. DASH. Who was speaking?

Mr. BARTLOME. Mr. Steinbrenner. He suggested that Mr. Lepkowski and I develop a list of half a dozen or so trusted employees to whom we could grant bonuses, the net of which would be held for further distribution as contributions.

Mr. DASH. When you speak of contributions you mean political contributions?

Mr. BARTLOME. These were all political contributions.

Mr. DASH. Now, did you arrange—were you the person that was going to implement the program?

Mr. BARTLOME. Yes.

Mr. DASH. And did you arrange to implement their program and provide bonuses for political use of corporate funds to certain employees?

Mr. BARTLOME. Yes.

Mr. DASH. Did you keep records, Mr. Bartlome, of these transactions?

Mr. BARTLOME. Yes; I did.

Mr. DASH. What did the record contain? Will you describe basically what was in the records?

Mr. BARTLOME. Basically, it was a sheet for each of the eight individuals involved that had their name, gross amount of the bonus, tax withheld, net amount of the bonus, and the date and the amount and the person, the recipient of each of the contributions.

Mr. DASH. Now, if you look at exhibit 271-7, this is not part of the record that you just—in other words, you have with you—the staff has provided your counsel a series of documents that are bound together with tabs. And if you look at exhibit 271-7, could you identify the document or the exhibit in exhibit 271-7?

Mr. BARTLOME. It is the payroll register of American Ship Building Co., dated April 6, 1972, for the bonuses that were granted on that date.

Mr. DASH. And how many bonuses does this payroll register show?

Mr. BARTLOME. Nine.

Mr. DASH. And all in the amount of \$5,000; is that true?

Mr. BARTLOME. Eight of them were in that amount.

Mr. DASH. Oh, that is right. Eight in the amount of \$5,000 and one to Mr. Baumhart in the amount of \$2,325.17. Is there a special reason why that particular bonus was that particular amount?

Mr. BARTLOME. I am not aware of it.

Mr. DASH. Was that, too, a bonus given for political purposes?

Mr. BARTLOME. Not that I know of.

Mr. DASH. All right. Then the eight that are shown, the eight each of \$5,000, these were all given to the various employees listed in that payroll register for the purpose of political contributions.

Mr. BARTLOME. Yes, sir.

Mr. DASH. And, therefore, a total of \$40,000 in bonuses.

Mr. BARTLOME. Gross.

Mr. DASH. That was the gross. And the net pay to them amounted to what?

Mr. BARTLOME. \$26,200.

Mr. DASH. Now, what led up to the giving of these particular bonuses?

Mr. BARTLOME. In a meeting with Mr. Steinbrenner in his office in which Mr. Steinbrenner, Mr. Lepkowski and I were present, he said there was a need to make a contribution of \$25,000.

Mr. DASH. He wanted you to arrange for a contribution of \$25,000, from the employees.

Mr. BARTLOME. Yes.

Mr. DASH. And using the bonus program you arranged to have these eight, \$5,000 bonuses given to the employees, is that true?

Mr. BARTLOME. Right.

Mr. DASH. Now, would you look also at that same exhibit No. 271-7 and one of the last—the last two pages, you will see—I take it these are eight checks. Are these the checks—can you identify the checks as the checks which were given to the employees showing the net amount of bonus to each—

Mr. BARTLOME. Yes.

Mr. DASH [continuing.] To each of the employees?

Mr. BARTLOME. The payroll checks.

Mr. DASH. Payroll checks, and they represent the net amount of the \$5,000 after you take regular payroll deductions, is that true?

Mr. BARTLOME. Right.

Mr. DASH. Now, when you gave these bonuses to each of the employees who are identified both in the payroll register and on these checks, how did these employees know what committees to make out a check for in the Committee To Re-Elect the President?

Mr. BARTLOME. I received a list of committees from Mr. Steinbrenner.

Mr. DASH. You showed them this list?

Mr. BARTLOME. No.

Mr. DASH. We have already had some testimony just prior to your testimony, from Mr. Clark and he testified he received a set of papers from you which had the names of two committees on it and he made out his check to those two committees. Was this the procedure you followed with the other employees?

Mr. BARTLOME. Yes.

Mr. DASH. And you took the names of the committees off the list you had?

Mr. BARTLOME. Right.

Mr. DASH. You knew these to be committees for the reelection of the President?

Mr. BARTLOME. Yes.

Mr. DASH. Now, did all the employees who received bonuses, these particular employees who appear on this exhibit, on the payroll register, on the checks, who received these bonuses give you a check or checks back for a particular committee for the reelection committees?

Mr. BARTLOME. Yes, for a total of \$25,000.

Mr. DASH. There was a balance left over?

Mr. BARTLOME. Yes.

Mr. DASH. And what was done with the balance?

Mr. BARTLOME. Other contributions.

Mr. DASH. Did this become part of the cash fund?

Mr. BARTLOME. Other contributions.

Mr. DASH. What did you do with these checks that you received from the employees who are now sort of kicking back the checks for political contributions?

Mr. BARTLOME. I received from Mr. Steinbrenner a name of an agent in Washington and an address and phone number to which I was having a courier deliver these checks along with his personal contribution.

Mr. DASH. Do you now recall the name of the person you received—

Mr. BARTLOME. The name of the person was Mr. Kalmbach.

Mr. DASH. Mr. Herbert Kalmbach?

Mr. BARTLOME. I believe so.

Mr. DASH. And do you now recall the address that the checks were to be sent to?

Mr. BARTLOME. 1701 Pennsylvania.

Mr. DASH. And do you know what offices are at 1701 Pennsylvania Avenue?

Mr. BARTLOME. The office of the committees—

Mr. DASH. The Committee To Re-Elect the President.

Mr. BARTLOME. Yes, sir.

Mr. DASH. Now, if you look at exhibit 271-11, exhibit 271-11 is an affidavit by Ronald H. Slater. Who is Ronald H. Slater?

Mr. BARTLOME. He is a corporate vice president, works in the administration department, American Ship Building Co.

Mr. DASH. Was Mr. Slater the courier who took the checks to the Committee To Re-Elect the President?

Mr. BARTLOME. Yes, he was.

Mr. DASH. And this is an affidavit, without reading it in its complete form, which attests to the fact that he did take the checks to the committee. He flew to Washington and that in the last paragraph, that April 7, 1972, he says:

I went to my office in the Lorain Office Building and advised Mr. Bartlome that the gentleman to whom I was to deliver the envelope had not been there and I left the envelope with a lady in this office. While in Mr. Bartlome's office this morning Mr. Bartlome called Washington and talked to the gentleman to whom I was to deliver the envelope and that gentleman told him that everything was in order.

Now, in fact, is that what occurred?

Mr. BARTLOME. In fact, I placed the call and the gentleman was not there but the call was later returned. I do not remember if he identified himself or not. But he told—

Mr. DASH. You are not sure whether you talked to Mr. Kalmbach?

Mr. BARTLOME. Right.

Mr. DASH. You did talk to somebody and the somebody you talked to at the telephone of the Committee To Re-Elect the President indicated everything was in order, that he received the checks?

Mr. BARTLOME. Right.

Mr. GREENEBAUM. Mr. Dash, in fairness to Mr. Slater, could the record also reflect as his affidavit indicates, that he did not know the contents of the envelope?

Mr. DASH. Yes. I am sorry. I did not mean by trying to expedite the reading of the affidavit to leave out any important information. Yes. The affidavit does indicate that he did not know the contents of the envelope.

Mr. GREENEBAUM. Thank you, sir.

Mr. DASH. Now, if you look at exhibit 271-12, Mr. Bartlome, you will notice that—will you identify exhibit 271-12 for us?

Mr. BARTLOME. It is the company's long distance telephone log for April 7, 1972, wherein I placed through the operator a call to Washington.

Mr. DASH. And does it show that the person asked for was a Mr. Kalmbach?

Mr. BARTLOME. It appears that way.

Mr. DASH. It says—it actually is spelled C-a-l-m-b-a-k, or something, but it is probably phonetically spelled.

Mr. BARTLOME. Right.

Mr. DASH. Reading Kalmbach. And the number, 333-0920 would be the number of the Committee To Re-Elect the President.

Mr. BARTLOME. [Nods in affirmative.]

Mr. DASH. So in fact you did make the call—you had a confirmation that the contributions had been received. Now, what was the total amount sent?

Mr. BARTLOME. \$100,000.

Mr. DASH. Now, how did it come to be \$100,000? You collected \$25,000 through the bonus arrangement to the employees. Who made up the balance of \$75,000?

Mr. BARTLOME. Mr. Steinbrenner gave me his personal contribution of \$75,000 which was to accompany the \$25,000 from the eight employees.

Mr. DASH. Was that a personal check from Mr. Steinbrenner?

Mr. BARTLOME. I believe it was 25 checks for \$3,000 each.

Mr. DASH. That is right. The contributions were all in the amount of \$3,000 each, were they not?

Mr. BARTLOME. Right.

Mr. DASH. Did Mr. Steinbrenner ever receive a bonus in the amount of \$75,000?

Mr. BARTLOME. In 1970.

Mr. DASH. And that was considerably before this particular contribution.

Mr. BARTLOME. A year and a half.

Mr. DASH. Do you recall Mr. Steinbrenner ever receiving any other bonus?

Mr. BARTLOME. Not prior to this time.

Mr. DASH. So the only bonus that you are able to testify to was the 1970 bonus of \$75,000?

Mr. BARTLOME. Right.

Mr. DASH. And it happens to be the same amount that Mr. Steinbrenner did contribute of his own personal funds in the amount of \$75,000 which made up the total contribution of \$100,000.

Was this the amount that you understood the committee expected the company to give?

Mr. BARTLOME. I did not know the reason for it.

Mr. DASH. Did anyone question this program that was set up by Mr. Steinbrenner when it was originally set up?

Mr. BARTLOME. Only one. Mr. Lepkowski questioned it.

Mr. DASH. What did he say? In what way did he question it?

Mr. BARTLOME. I believe he wanted to know whether it was appropriate to do this. Mr. Steinbrenner advised him that many corporations in the United States do it in this manner, or in a similar manner.

Mr. DASH. Now, you testified that you kept records of the transactions where bonuses were given, checks were received back for political contributions, and indicating who, in fact, received these contributions. Mr. Bartlome, what happened to your records?

Mr. BARTLOME. One day—it was in my office—Mr. Steinbrenner was shown the records for some reason; I don't recall the reason. Later, he contacted Mr. Lepkowski and a meeting was scheduled that afternoon. He asked Mr. Lepkowski to bring any records that we might have at Lorain which would show the bonuses and the distribution of the bonuses and the dates.

Mr. DASH. Do you recall about when this was that you were asked to turn these records over to Mr. Lepkowski and he took them over to Lorain and to Mr. Steinbrenner?

Mr. BARTLOME. To the best I can recall, it was April of 1973.

Mr. DASH. Do you know what happened to those records?

Mr. BARTLOME. Mr. Lepkowski advised me that Mr. Steinbrenner destroyed the records.

Mr. DASH. Did you personally receive a bonus in 1972?

Mr. BARTLOME. Yes.

Mr. DASH. You are one of those who received a \$5,000 bonus?

Mr. BARTLOME. Yes.

Mr. DASH. And you made out a check to a committee?

Mr. BARTLOME. Yes.

Mr. DASH. If you will look at exhibit 271-8—it is a photocopy of a check drawn on a joint account to the Dedicated Americans for Effective Government, April 6, 1972, in the amount of \$3,000, signed by you. Is that the check that you made out?

Mr. BARTLOME. Yes.

Mr. DASH. And is the Dedicated Americans for an Effective Government one of the committees on your list of the Committee To Re-Elect the President?

Mr. BARTLOME. Yes.

Mr. DASH. How was the gross amount of \$40,000 in bonuses kept on the corporate books?

Mr. BARTLOME. That was an expense charged to an OSS researcher claim.

Mr. DASH. And you say expense—it was treated as a business expense?

Mr. BARTLOME. Yes.

Mr. DASH. In January 1973, when some questions were being asked about the bonuses, did Mr. Steinbrenner direct you to arrange a "legitimate bonus payment plan"?

Mr. BARTLOME. We issued a bonus in January 1973, which was not for contributions.

Mr. DASH. These were not for political contributions?

Mr. BARTLOME. Right.

Mr. DASH. Would it be fair to say that these were being issued for what would be called cosmetic purposes?

Mr. BARTLOME. I believe so.

Mr. DASH. Mr. Steinbrenner then was concerned about the fact that these bonuses, that had been given to employees, and kickbacks as political contributions might cause a problem?

Mr. BARTLOME. I don't know the reason.

Mr. DASH. Were you then asked to prepare a corporate record of the bonuses to show that they were for business purposes?

Mr. BARTLOME. Yes.

Mr. DASH. Will you look at exhibit 271-9? Is that the memo that you prepared for that purpose?

Mr. BARTLOME. Yes; it is.

Mr. DASH. It is dated April 5, 1972. It is a memo to the file. It is on paper with the printed, "American Ship Building Co." on it. It states:

Mr. George M. Steinbrenner III today determined that the Amship division had performed in an extraordinary manner and determined that the following receive the bonuses approved in the November 11, 1971, Board of Directors meeting.

It lists Mr. Bartlome, Mr. Lepkowski, Mr. Cushenan, Mr. Kissel, Mr. Clark, Mr. Stafford, Mr. Walker, Mr. Dibble, and Mr. Baumhart. Except for Mr. Baumhart, the others were all for \$5,000, right?

This in effect was a false memo to the file, was it not?

Mr. BARTLOME. Right.

Mr. DASH. Were you also asked to prepare certificates or statements to be signed by the recipients of these bogus bonuses which alleged that they were bona fide and not connected with any political contribution?

Mr. BARTLOME. I didn't prepare the statements. I was asked to have them signed.

Mr. DASH. Do you know who prepared the statements?

Mr. BARTLOME. Mr. Melcher.

Mr. DASH. And he gave them to you and asked you to have them signed. Signed by whom?

Mr. BARTLOME. By the gentlemen who received the bonuses in 1972 and 1973.

Mr. DASH. Did you, in fact, distribute these to the various persons and have them sign them?

Mr. BARTLOME. Yes, I did.

Mr. DASH. If you will look back at exhibit 271-4, we have already had testimony from Mr. Clark. He apparently retained his certificate, which we read into the record, indicating that this contribution was a bona fide one, made voluntarily of his own choosing, and that nobody had asked him to make any political contributions. Do you recognize that and identify that as a certificate?

Mr. BARTLOME. That is a certificate.

Mr. DASH. And that similar or identical certificates were given to all the other persons?

Mr. BARTLOME. True.

Mr. DASH. These were, in fact, false certificates.

Mr. BARTLOME. Yes.

Mr. DASH. In August, did you learn that agents of the Federal Bureau of Investigation wanted to interview you about political contributions?

Mr. BARTLOME. Yes.

Mr. DASH. Did you discuss this with Mr. Steinbrenner?

Mr. BARTLOME. We discussed it a couple of days prior to the interview—approximately April 19.

Mr. DASH. What, if anything, did Mr. Steinbrenner tell you about this interview that you were about to have?

Mr. BARTLOME. He related a story to us which is the basis of my testimony.

Mr. DASH. What story did he relate to you?

Mr. BARTLOME. That the group in Lorain had met; had determined that they wanted to make contributions to the Committee To Re-Elect the President; that we had approached Mr. Steinbrenner, asking him if there was a manner in which we could make a contribution, and were told if it was a small contribution, to do it locally; if it was a large contribution, he would furnish us the names of committees, and that the money could be delivered in Washington.

Mr. DASH. Did you, in fact, give this kind of statement to the agents of the FBI?

Mr. BARTLOME. Yes, I did.

Mr. DASH. Would you look at exhibit 271-10? This appears to be a statement dated August 23, 1973, Lorain, Ohio, a statement at the end of which it is attested: "I have read the statement consisting of this and six other pages. Initialed each page and each correction. This statement is true and correct to the best of my recollection."

It is signed by Robert E. Bartlome.

Is this the statement or a copy of the statement that you gave to the FBI?

Mr. BARTLOME. Yes, it is.

Mr. DASH. Without going into a full reading of the statement, in essence, does the statement incorporate the story that Mr. Steinbrenner had talked to you about, the fact that this was a voluntary contribution and that you were giving it out of your own funds?

Mr. BARTLOME. Yes.

Mr. DASH. In effect, this was a false statement?

Mr. BARTLOME. Yes.

Mr. DASH. Did you show this statement to any of the other employees?

Mr. BARTLOME. We exchanged statements among us after we—Mr. Lepkowski and I—had been interviewed.

Mr. DASH. What was the purpose of exchanging the statements?

Mr. BARTLOME. Well, there were questions and inquiries on the parts of the other six, since they had not been interviewed at that time. They wanted to know what was asked and how we answered them.

Mr. DASH. As a matter of fact, in between your interview and some of the others, you had discussions and meetings with some of these other employees who had received bonuses?

Mr. BARTLOME. Not scheduled meetings.

Mr. DASH. Not scheduled meetings but——

Mr. BARTLOME. But many meetings.

Mr. DASH. Was there a general agreement that you would all be giving the same story?

Mr. BARTLOME. I believe so.

Mr. DASH. And they were shown these statements so that they could give consistent statements themselves?

Mr. BARTLOME. Right.

Mr. DASH. By the way, did you see any of the statements that some of these employees gave to the FBI?

Mr. BARTLOME. Only Mr. Lepkowski's.

Mr. DASH. Is it true that each of the employees who gave statements made a copy of the statement that he gave?

Mr. BARTLOME. Yes.

Mr. DASH. Now, did you learn that the employees who had been involved received subpoenas to testify before the special grand jury in Washington, D.C.?

Mr. BARTLOME. Yes.

Mr. DASH. When did you learn that, by the way—approximately?

Mr. BARTLOME. August 31.

Mr. DASH. Did you receive a call from Mr. Steinbrenner on August 31, 1972?

Mr. BARTLOME. Yes, I did.

Mr. DASH. And later met with him?

Mr. BARTLOME. Yes.

Mr. DASH. Could you briefly tell us about that meeting?

Mr. BARTLOME. He told me that Mr. Clark had received a subpoena and was to appear before the grand jury on September 5; that we probably all would be receiving subpoenas, but we would not have to go before the grand jury.

He again recalled the story which was basically the same as in the FBI interview statement.

Mr. DASH. In other words, in this meeting, he restated to you in his own words the so-called story, the fact that there was a meeting and that all the employees had on their own decided to give contributions for the reelection of the President and out of their own funds?

Mr. BARTLOME. Yes.

Mr. DASH. What did you say to Mr. Steinbrenner at that time, if anything?

Mr. BARTLOME. It was my feeling from the conversations with these gentlemen that they would not perjure themselves if they went before the grand jury.

Mr. DASH. Did you say anything about what you would do?

Mr. BARTLOME. I said I would not perjure myself.

Mr. DASH. Did you again meet with Mr. Steinbrenner on September 1, which was the very next day?

Mr. BARTLOME. Yes.

Mr. DASH. Was there anything particular of note in that conversation?

Mr. BARTLOME. Same conversation.

Mr. DASH. Same thing. Mr. Steinbrenner again sort of renewing his recollection, or at least what he would like it to be, of the story told to you?

Mr. BARTLOME. His recollection of what happened on the granting of bonuses.

Mr. DASH. Did you dispute that with him or did you understand that to be an effort just to try to get the story straight?

Mr. BARTLOME. At one of the meetings here in the next 2 or 3 days, I did discuss with him what I felt to be the truth.

Mr. DASH. Apparently on Labor Day, there was a meeting about which we have already heard testimony from Mr. Clark. You attended that meeting?

Mr. BARTLOME. Yes.

Mr. DASH. That was September 3. Who else was there?

Mr. BARTLOME. Mr. Clark, Mr. Lepkowski, and myself.

Mr. DASH. This was a meeting with Mr. Steinbrenner?

Mr. BARTLOME. Yes, it was.

Mr. DASH. Can you briefly tell us what was discussed, what Mr. Steinbrenner said and what was said by others at the meeting, including yourself?

Mr. BARTLOME. I told him I could not testify as to the accuracy of the FBI statement; that the rest of the fellows would not perjure themselves, and we were told: "Don't worry, you won't have to go before the grand jury."

Mr. DASH. In other words, Mr. Steinbrenner told you, you don't have to worry about anything; you won't have to go before the grand jury?

Mr. BARTLOME. That is right.

Mr. DASH. What was your state of mind at that time? Did that satisfy you?

Mr. BARTLOME. No.

Mr. DASH. Were you, in fact, worried?

Mr. BARTLOME. Absolutely.

Mr. DASH. Did you, after that meeting or shortly after that meeting, meet with Mr. Clark and Mr. Lepkowski in a parking lot?

Mr. BARTLOME. Yes, we did.

Mr. DASH. What was the purpose of that?

Mr. BARTLOME. To discuss our conversations that we had had with Mr. Steinbrenner. We sort of agreed that the only way to go was to tell the truth.

Mr. DASH. Was the grand jury appearance, which I understand was set originally for September 5, 1973, postponed?

Mr. BARTLOME. It was postponed for 2 weeks.

Mr. DASH. Do you know to when it was postponed? I think the record would show that it was September 18.

Mr. BARTLOME. September 18.

Mr. DASH. Yes.

Now, prior to the September 5 date, when the original grand jury appearance was set, did you meet with Mr. Steinbrenner on September 4?

Mr. BARTLOME. Yes, I did.

Mr. DASH. Who else was there?

Mr. BARTLOME. Mr. Lepkowski, Mr. McMahon, and Mr. Melcher.

Mr. DASH. What did Mr. Steinbrenner say at that meeting?

Mr. BARTLOME. Basically, he related the same recollection as to how the contributions were made and why they were made; that they were large and small—how they would be made and distributed. He re-

membered that on the bonus list there were only two of the gentlemen, not the eight; and that very likely he would recollect there would be payment of the bonus up to April 6—authorizing payment up to April 6.

Mr. DASH. What did you say at that meeting?

Mr. BARTLOME. I told him that this was not the way it was handled, and I again mentioned at this meeting that the gentlemen—it was my feeling they would not perjure themselves but would tell the truth before the grand jury.

Mr. DASH. Now, did Mr. Steinbrenner react to that when—in fact, did somebody at that meeting say, “Finally, we learned the truth”?

Mr. BARTLOME. That was the following meeting with Mr. McMahon and Mr. Melcher.

Mr. DASH. Was Mr. Steinbrenner at that meeting?

Mr. BARTLOME. The same date.

Mr. DASH. Mr. Steinbrenner was at that meeting?

Mr. BARTLOME. Yes, he was.

Mr. DASH. And did Mr. Steinbrenner make any statement of reaction to the fact that the truth might come out?

Mr. BARTLOME. I was questioned my Mr. McMahon and related to him what I felt was the true story, and he said something to the effect, “Well, now we have finally learned the truth.”

Mr. DASH. And what did Mr. Steinbrenner say?

Mr. BARTLOME. Mr. Steinbrenner was distraught, and I believe he did not change his recollection of what happened at that time.

Mr. DASH. Is it correct, do you recall, that he laid his head on the desk and said he was ruined, the company might be ruined, and he mentioned something about jumping off a bridge?

Mr. BARTLOME. That was in the meeting without Melcher and McMahon upstairs in his office—between him and me.

Mr. DASH. Now, on September 6 there was a meeting of all employees with Mr. Steinbrenner. Apparently there were meetings during this period of time almost on a daily basis?

Mr. BARTLOME. Hourly basis.

Mr. DASH. On an hourly basis.

I take it you were being told, as Mr. Clark has testified, that you should not worry; and these hourly meetings indicated, I take it, you were worrying?

Mr. BARTLOME. Yes.

Mr. DASH. What took place on the September 6 meeting with all the employees involved with Mr. Steinbrenner?

Mr. BARTLOME. They weren't all there. There were about six of them there, and a couple of them advised Mr. Steinbrenner that they could not testify that the FBI statement was the truth. I believe Mr. Kissel and Mr. Cushenan were not at the meeting.

Mr. DASH. Did Mr. Steinbrenner make any other statements at that point? Was that the meeting in which he mentioned that another lawyer was going to be coming in and coordinating the matter?

Mr. BARTLOME. Yes.

Mr. DASH. He said Mr. Edward Bennett Williams?

Mr. BARTLOME. Judge Lawless would be in the meeting.

Mr. DASH. Judge Lawless.

You again met with Mr. Steinbrenner September 9, and was this another meeting in which he was recalling the facts as he had been doing continuously?

Mr. BARTLOME. The same recollection.

Mr. DASH. Now, we have heard testimony about a meeting with Judge Lawless who is an attorney—former judge—and this was on September 11. Did you attend that meeting?

Mr. BARTLOME. Yes, I did.

Mr. DASH. And who else was there at that meeting?

Mr. BARTLOME. Well, it was quite a group.

Mr. DASH. Well, again, was this the involved group, would you say?

Mr. BARTLOME. Yes.

Mr. DASH. Could you tell us briefly what the purpose of that meeting was?

Mr. BARTLOME. Mr. Lawless was trying to advise us as to what was happening down here in Washington. He was trying to explain how we got all the—he advised us he was not counseling or advising us on what to do.

Mr. DASH. In other words, he was not indicating that he was acting as your lawyer?

Mr. BARTLOME. Right.

Mr. DASH. Just giving you some friendly advice?

Mr. BARTLOME. He gave us friendly advice and said we should not perjure ourselves, and the penalty for perjury was far more severe than other crimes.

Mr. DASH. Did he indicate you were in any serious problem?

Mr. BARTLOME. No, he did not.

Mr. DASH. As a matter of fact, did he sort of put your particular contributions in any priority form, or did that come out in any discussion of that nature?

Mr. BARTLOME. Well, he described ours as being gray—not either black or white. We were gray.

Mr. DASH. Did any discussion come up about possibly getting immunity or what procedures one would follow to get immunity?

Mr. BARTLOME. I don't recall.

Mr. DASH. Was there any discussion that you should best have counsel?

Mr. BARTLOME. Yes.

Mr. DASH. Was there any discussion concerning postponement or delay?

Mr. BARTLOME. The postponement we had received from the grand jury, the 2-week postponement, was the best thing we could do until we had received legal counsel.

Mr. DASH. Your own legal counsel?

Mr. BARTLOME. Right.

Mr. DASH. Now, in fact you did obtain counsel. Will you tell us how you went about obtaining counsel?

Mr. BARTLOME. We were sent on to Washington on Saturday, September 15. We went to a law firm who advised us there might be some conflict of interest and several of the group, I believe eight, were sent over to the law firm of Sachs, Greenebaum. We gave them brief statements. They advised us that since Mr. Lepkowski and I were officers of the company, there might be some conflict between us and

the other six, and it would be best if the two of us would try and obtain separate legal counsel.

Mr. DASH. And did you?

Mr. BARTLOME. On Monday, the 17th, around 4 o'clock, we did.

Mr. DASH. And what counsel was that?

Mr. BARTLOME. Wilmer, Cutler & Pickering.

Mr. DASH. And did you meet with the Special Prosecutor shortly after that?

Mr. BARTLOME. Met with him on Wednesday, the 19th.

Mr. DASH. And did you agree at that time to cooperate with the Special Prosecutor?

Mr. BARTLOME. Yes.

Mr. DASH. And tell the true stories concerning these events?

Mr. BARTLOME. Yes.

Mr. DASH. And were you offered immunity?

Mr. BARTLOME. Yes.

Mr. DASH. And in fact were you granted immunity?

Mr. BARTLOME. Yes.

Mr. DASH. Did you in fact testify before the grand jury?

Mr. BARTLOME. The same day.

Mr. DASH. And did you testify to the grand jury to the same fact you testified today before this committee?

Mr. BARTLOME. Yes.

Mr. DASH. Mr. Chairman, I have no further questions. I think for the record it should be stated that—both with Mr. Bartlome and also Mr. Clark—their testimony before this committee has also been given under a grant of immunity signed by Judge Sirica at the application of our committee by unanimous vote of the committee, and that the testimony that they have given today is covered by this grant of immunity. Also, what I would like to do, all the exhibits 271-1 through 271-12 having been referred to, Mr. Chairman, I would like to have them identified for the record as they have been during the testimony and introduced in evidence.

Senator INOUE. Without objection, so ordered.

[The documents referred to were marked exhibits Nos. 271-1 through 271-12.*]

Mr. DASH. I have no further questions.

Senator INOUE. Mr. Schultz.

Mr. SCHULTZ. Mr. Bartlome, I direct your attention to your telephone conversation on or about April 6 or 7 confirming that the checks had, in fact, been received at 1701 Pennsylvania. I take it that your testimony is that you were not absolutely certain that you talked to Mr. Kalmbach, but someone, in fact, received the check; is that correct?

Mr. BARTLOME. I don't know who I talked to. Some gentleman.

Mr. SCHULTZ. Did the gentleman that you talked to give any indication that he knew that the checks represented a contribution from corporate funds?

Mr. BARTLOME. No, sir.

Mr. SCHULTZ. To your knowledge, does any Republican official know that the contributions—or did they at that time know that these contributions were made by the use of corporate funds?

*See pp. 5767-5794. For more detailed description and location of individual exhibits, see contents page vii.

Mr. BARTLOME. I don't believe so.

Mr. SCHULTZ. In your conversation with Mr. Steinbrenner just prior to the bonus for \$25,000 or the raising of \$25,000 through the bonus scheme, did he indicate to you who had made the request for funds, if anyone?

Mr. BARTLOME. He did not.

Mr. SCHULTZ. Did he indicate to you any promises had been made to induce this contribution?

Mr. BARTLOME. No.

Mr. SCHULTZ. Did he indicate to you that he had been threatened or coerced to raise this money?

Mr. BARTLOME. No.

Mr. SCHULTZ. I would like to go back now to 1970, when the bonus scheme first developed. Can you describe for us the conversation that you had with Mr. Steinbrenner and Mr. Lepkowski? How did this come about?

Mr. BARTLOME. It was a meeting in Mr. Steinbrenner's office with Lepkowski and myself; Mr. Steinbrenner stated that he was under pressure to make contributions.

Mr. SCHULTZ. Did he say by whom?

Mr. BARTLOME. No, he did not. He suggested that we develop a list of loyal employees who would participate in this plan.

Mr. SCHULTZ. And did he direct you to implement this program?

Mr. BARTLOME. Yes.

Mr. SCHULTZ. And did you, in fact, tell each employee of their bonus, how much they were to contribute, and to whom?

Mr. BARTLOME. Yes; I did.

Mr. SCHULTZ. Did you tell each employee that you were doing this at the direction of Mr. Steinbrenner?

Mr. BARTLOME. I can't recall that.

Mr. SCHULTZ. Do you think you told some of them?

Mr. BARTLOME. Yes.

Mr. SCHULTZ. Do you have authority to grant bonuses or sign the authority for bonuses to be granted?

Mr. BARTLOME. No.

Mr. SCHULTZ. Who does have that authority?

Mr. BARTLOME. Mr. Steinbrenner.

Mr. SCHULTZ. Does anybody else have that authority?

Mr. BARTLOME. No.

Mr. SCHULTZ. When was the first bonus issued?

Mr. BARTLOME. September 27, 1970.

Mr. SCHULTZ. Was there any other bonus issued in September 1970?

Mr. BARTLOME. Yes, there was.

Mr. SCHULTZ. There was another bonus besides the one on September 27, 1970?

Mr. BARTLOME. It is not in the file, but I believe there was, and it was charged to the U.S. Coast Guard claim.

Mr. SCHULTZ. Was Mr. Steinbrenner granted a bonus in October of 1970?

Mr. BARTLOME. Yes, he was.

Mr. SCHULTZ. What was the amount of the bonus?

Mr. BARTLOME. It was two bonuses: One for \$37,500 in 1970 and, one for \$37,500 in fiscal 1971.

Mr. SCHULTZ. Isn't it a fact that these bonuses were paid on October 9 and October 12, 1970?

Mr. BARTLOME. Yes.

Mr. SCHULTZ. You told Mr. Dash a little earlier that subsequent to the bonus scheme and in April of 1973 you entered "false statements to the file"—I believe were your words—concerning the bonuses that had been granted.

Mr. BARTLOME. April 1973.

Mr. SCHULTZ. April of 1973. In connection with Mr. Steinbrenner's bonus, did you enter any memorandums into the files or change any of the record?

Mr. BARTLOME. Yes.

Mr. SCHULTZ. As secretary of the company, did you sit in on the corporate meetings?

Mr. BARTLOME. Yes, I did.

Mr. SCHULTZ. Was Mr. Steinbrenner's bonus granted by the board of directors or by action of the board of directors?

Mr. BARTLOME. Yes, it was.

Mr. SCHULTZ. Did you write the minutes for this meeting?

Mr. BARTLOME. Yes.

Mr. SCHULTZ. Is this the change that you referred to just a minute ago?

Mr. BARTLOME. Yes.

Mr. SCHULTZ. What change did you make?

Mr. BARTLOME. Well, we deleted the words that it was granted for the effective settlement of a U.S. Coast Guard claim and changed it to read: "For the effective operation of the company during the year just ended."

Mr. SCHULTZ. Why was this change made?

Mr. BARTLOME. I do not know.

Mr. SCHULTZ. Who directed you to make the change?

Mr. BARTLOME. Mr. Steinbrenner.

Mr. SCHULTZ. Was the change made at the direction of the board of directors?

Mr. BARTLOME. No.

Mr. SCHULTZ. Mr. Steinbrenner directed you to change the minutes?

Mr. BARTLOME. Yes.

Mr. SCHULTZ. What was the gross amount of the September 27, 1970, bonus?

Mr. BARTLOME. \$30,000.

Mr. SCHULTZ. What was the net amount?

Mr. BARTLOME. \$19,750.

Mr. SCHULTZ. What was the gross amount of the bonus in November 1971?

Mr. BARTLOME. \$25,000.

Mr. SCHULTZ. What was the net amount of that November bonus?

Mr. BARTLOME. \$16,530.

Mr. SCHULTZ. What was the gross amount of the April 6 bonus?

Mr. BARTLOME. \$42,325.

Mr. SCHULTZ. What was the net amount of this bonus?

Mr. BARTLOME. \$26,200.

Mr. SCHULTZ. I don't know if you have added it up. What was the total amount of the bonus—the gross amount?

Mr. BARTLOME. The gross amount was approximately \$97,000. The net amount was approximately \$62,000.

Mr. SCHULTZ. Out of the \$62,000 net amount, was the \$25,000 sent to the Committee To Re-Elect the only contribution made to the 1972 Presidential campaign?

Mr. BARTLOME. As far as I know.

Mr. SCHULTZ. Did Mr. Steinbrenner ever direct you in how to answer inquiries of the FBI?

Mr. BARTLOME. He did not direct me "how."

Mr. SCHULTZ. Will you explain how you gained an inference of what he wanted you to say?

Mr. BARTLOME. In the meeting that I had 2 days prior to the FBI interview, he related the story which I took to be an inference and that is the basis for my testimony.

Mr. SCHULTZ. What did he tell you?

Mr. BARTLOME. He told me that the group in Lorain had had several meetings out there and we had determined to make a contribution; that I came to Mr. Steinbrenner and asked him the best manner in which we were to make a contribution. He told me that if the contribution was small it was to be included in the local Republican Party. If it was large, he would furnish us the list of committees and the contribution would be made in Washington.

Mr. SCHULTZ. Did you subsequently ride in the car with Mr. Lepkowski and Mr. Steinbrenner on your way to the grand jury, at which time this story was repeated?

Mr. BARTLOME. Yes.

Mr. SCHULTZ. What did he tell you specifically?

Mr. BARTLOME. It was on Wednesday, September 5. He related the same story that he had in the past. He asked us if we could live with this story, everything would be all right, because we were not going before the grand jury anyway.

Mr. SCHULTZ. Did he state to you in the September 5 meeting what your relationship should be with him at this point?

Mr. BARTLOME. He said there should be a separation between us.

Mr. SCHULTZ. What did he mean by that?

Mr. BARTLOME. I do not know.

Mr. SCHULTZ. Did he further clarify what he meant by that?

Mr. BARTLOME. No, he did not.

Mr. SCHULTZ. Mr. Bartlome, do you have knowledge of another technique employed by the American Ship Building Co. to raise moneys for the purpose of making campaign contributions?

Mr. BARTLOME. Yes, sir.

Mr. SCHULTZ. What is that?

Mr. BARTLOME. Early in 1973, several of us issued expense reports, the net of which were reserved for contributions.

Mr. SCHULTZ. How many employees were involved?

Mr. BARTLOME. Three or four.

Mr. SCHULTZ. I take it that the employees submitted a false voucher and received cash for it; is that correct?

Mr. BARTLOME. Received a false voucher and the cash was stored in the cashier's office.

Mr. SCHULTZ. What was the total amount of money raised in this way?

Mr. BARTLOME. Approximately \$1,800.

Mr. SCHULTZ. To your knowledge, was any of this money disbursed for the Presidential campaign in 1972?

Mr. BARTLOME. No.

Mr. SCHULTZ. Thank you.

I have no further questions, Mr. Chairman.

Senator INOUE. I have just one question, Mr. Bartlome. Did Mr. Steinbrenner elaborate upon the word "need"?

Mr. BARTLOME. No; he did not.

Senator INOUE. In your testimony, you said there was a need to make a contribution.

Mr. BARTLOME. No. He advised me that there was pressure for contributions, but did not elaborate.

Senator INOUE. Did he say where the pressure was coming from?

Mr. BARTLOME. No, he did not.

Senator INOUE. Thank you very much.

Senator Weicker.

Senator WEICKER. No questions, Mr. Chairman.

Senator INOUE. Senator Montoya.

Senator MONTOYA. Mr. Bartlome, in your summary which is on file before the committee, it is indicated that you are also vice president and director of the Lorain-Elyria Sand Co., secretary and a director of the Cincinnati Sheet Metal & Roofing Co., the Nashville Bridge Co., Kinsman Marine Transit Co., Great Lakes International Corp., Great Lakes Association, Inc., and Biogest Corp. Are any of these subsidiaries of American Ship Building Co.?

Mr. BARTLOME. All but the first one, yes.

Senator MONTOYA. Were they tapped for any bonuses which in turn were used for political contributions?

Mr. BARTLOME. Not that I am aware of.

Senator MONTOYA. Did you receive any bonuses from these companies?

Mr. BARTLOME. No, sir.

Senator MONTOYA. Did American Ship Building or any of these companies receive any subsidies from the Government under the shipbuilding subsidy program?

Mr. BARTLOME. We are building ships under the title 11 insurance program.

Senator MONTOYA. Were any subsidies received by the company?

Mr. BARTLOME. I do not understand the question, Senator.

Senator MONTOYA. Was there any subsidy received by American Ship Building or any of these companies from the Government under the shipbuilding subsidy program? I do not recall what title or what law it is.

Mr. BARTLOME. I do not know.

Senator MONTOYA. Were you building any ships for the Federal Government?

Mr. BARTLOME. No, sir.

Senator MONTOYA. What conversation transpired in the board of directors room with respect to the memo of April 5, if any?

Mr. BARTLOME. None.

Senator MONTOYA. Was there any formal meeting of the board of directors to discuss this particular question and the giving of bonuses?

Mr. BARTLOME. At the annual meeting following the annual meeting of stockholders—

Senator MONTOKA. And when was that?

Mr. BARTLOME. It would have been approximately November.

Senator MONTOKA. And what was the discussion with respect to these bonuses?

Mr. BARTLOME. The chairman was given authority to grant bonuses to individuals who are—where he sees a need.

Senator MONTOKA. Were these bonuses discussed and approved within the context that they, in turn, be used for funneling campaign contributions by the recipients?

Mr. BARTLOME. No.

Senator MONTOKA. When did you first hear that these bonuses would be used for such a purpose?

Mr. BARTLOME. In 1970.

Senator MONTOKA. And this was not discussed at the board of directors meeting?

Mr. BARTLOME. No.

Senator MONTOKA. Do you have any reason to assume that the board of directors were very much aware that that was the purpose of the bonuses?

Mr. BARTLOME. I am not aware that they knew.

Senator MONTOKA. Now, you mentioned this morning that American Ship Building was represented by a firm of Mudge, Rose, and I believe Alexander and Guthrie, did you not?

Mr. BARTLOME. No, I did not.

Senator MONTOKA. Does this firm represent American Ship Building, or have they in the past represented your firm?

Mr. BARTLOME. They have handled some legal cases.

Senator MONTOKA. Is that not the firm that President Nixon was associated with?

Mr. BARTLOME. Yes.

Senator MONTOKA. Do you know who made the first contact with the officers of American Ship Building for this particular contribution?

Mr. BARTLOME. No, I do not.

Senator MONTOKA. How did the name of Kalmbach enter into the picture which resulted in your calling him at 1701 or 1706 Pennsylvania Avenue?

Mr. BARTLOME. I received the name and the address and the phone number to which the contribution checks were to be delivered.

Senator MONTOKA. Did you have any trouble getting an answer from Mr. Kalmbach, to whom the call was directed?

Mr. BARTLOME. The party was not there when I first called. We left word and the call was returned. I do not know who returned the call.

Senator MONTOKA. For all intents and purposes, is it your assumption that Mr. Kalmbach, to whom the call was directed, did in fact return the call?

Mr. BARTLOME. I do not know that to be a fact.

Senator MONTOKA. Did he identify himself?

Mr. BARTLOME. I do not recall.

Senator MONTOKA. That is all, Mr. Chairman.

Senator INOUYE. Mr. Dash.

Mr. DASH. I just have a couple of questions.

Senator Montoya just asked you how you knew to either call Mr. Kalmbach or send the checks through the courier to Mr. Kalmbach. Who gave you Mr. Kalmbach's name?

Mr. BARTLOME. Mr. Steinbrenner.

Mr. DASH. Now, you mentioned, Mr. Bartlome, that Mr. Steinbrenner mentioned his receiving some pressure. I take it that this whole bonus plan, which turns out to be a use of corporate funds for illegal contributions for campaign purposes as a sort of dodge to make it look like individuals in the company—employees, were making personal gifts—was not a very pleasant one for you. Is that true?

Mr. BARTLOME. That is true.

Mr. DASH. And that, as a matter of fact, you have gone through a considerable amount of personal suffering, family suffering, as a result of this plan.

Mr. BARTLOME. True.

Mr. DASH. You have testified that when Mr. Lepkowski questioned the program, that Mr. Steinbrenner said that a lot of corporations do this, a great many corporations do it. Do you, of your own knowledge, know that this is sort of a part of corporate giving?

Mr. BARTLOME. No.

Mr. DASH. But it was at least in American Ship Building, where this plan was in operation?

Mr. BARTLOME. Right.

Mr. DASH. Do you feel this is an appropriate thing for a corporation to do in a political campaign?

Mr. BARTLOME. No.

Mr. DASH. As a matter of fact, you knew these were illegal contributions?

Mr. BARTLOME. Not at the origin; but later, yes.

Mr. DASH. You now know?

Mr. BARTLOME. Yes.

Mr. DASH. And you presently have testified that you don't feel this is an appropriate method, certainly of a corporation, using its money through this kind of ruse—to give political contributions.

Having really gone through this experience yourself and as secretary of the corporation, do you have any recommendations that you may want to make to this committee concerning corporate gifts; what legislation that we may want to consider involving the situations that you found yourselves in, and the other employees?

Mr. BARTLOME. I haven't considered any proposal.

Mr. DASH. We don't need any additional laws to make this particular act illegal. I take it the obstruction of justice that may have been involved is also covered by our criminal laws. But it is obvious that pressures were on to get money and to get money from corporations and to have the money routed through these bonus plans.

Do you consider that the—we have heard this from other witnesses that the pressure of obtaining money for political campaigns actually produces this kind of illegal activity.

Mr. BARTLOME. I am not aware that it does. I had no other knowledge of this.

Mr. DASH. Well, you are aware that it happened at American Ship Building Co.?

Mr. BARTLOME. Yes.

Mr. DASH. Would you want this committee to seriously take this into consideration in its recommendations for legislation?

Mr. BARTLOME. Yes.

Mr. DASH. I have no further questions, Mr. Chairman.

Senator INOUE. Mr. Schultz.

Mr. SCHULTZ. I have one additional question, Mr. Chairman.

I wanted to be certain, Mr. Bartlome, that——

Mr. GREENEBAUM. Can we have just one moment, please?

Mr. SCHULTZ. Yes.

Mr. BARTLOME. There is some problem with Senator Montoya's question about Government ships that the company was building. In 1972, we were not, but prior to that time, we had built some Government ships.

Mr. DASH. This is just in clarification of your response to Senator Montoya's question?

Mr. GREENEBAUM. Yes; there was some confusion.

Mr. DASH. By the way, are there any claims that your company has against the Government at the present time?

Mr. BARTLOME. The OSS *Researcher* claim has been turned down by the Government. I do not know the plans of the company now.

Mr. SCHULTZ. Do you know when that was turned down?

Mr. BARTLOME. Sometime in 1972.

Mr. SCHULTZ. Who turned down the claim?

Mr. BARTLOME. I did.

Mr. SCHULTZ. Do you have any other particulars or details?

Mr. BARTLOME. No.

Mr. SCHULTZ. Who might have that information?

Mr. BARTLOME. Mr. Steinbrenner.

Mr. SCHULTZ. I wanted to clarify, Mr. Bartlome, for my own mind, and ask a question about your conversations with Mr. Steinbrenner, both April 1972 and preceding the contribution. At that time, do I understand your statement that he told you he had a need to raise \$25,000?

Mr. BARTLOME. Right.

Mr. SCHULTZ. And in September of 1970, when the bonus plan first came up, he said that he was under pressure to make campaign contributions?

Mr. BARTLOME. Contributions, yes.

Mr. SCHULTZ. Did he repeat that statement in April of 1972, that he was under pressure to make campaign contributions?

Mr. BARTLOME. No.

Mr. SCHULTZ. Thank you.

I have no further questions.

Senator INOUE. The hearing will stand in recess until 10 o'clock tomorrow.

[Whereupon, at 12:05 p.m., the committee recessed, to reconvene at 10 a.m., Wednesday, November 14, 1973.]

WEDNESDAY, NOVEMBER 14, 1973

**U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.**

The Select Committee met, pursuant to recess, at 10:10 a.m., in room 318, Russell Senate Office Building, Senator Sam J. Ervin, Jr. (chairman), presiding.

Present: Senators Ervin, Inouye, Montoya, Baker, and Weicker.

Also present: Samuel Dash, chief counsel and staff director; Fred D. Thompson, minority counsel; Rufus L. Edmisten, deputy chief counsel; David M. Dorsen and James Hamilton, assistant chief counsels; Ronald D. Rotunda, W. Dennis Summers, and Alan Weitz, assistant majority counsels; Michael J. Madigan, Richard L. Schultz, and Robert Silverstein, assistant minority counsels; Jed Johnson, investigator; Pauline O. Dement, research assistant; Eiler Ravnholt, office of Senator Inouye; Bruce Jaques, Jr., office of Senator Montoya; Ron McMahan, assistant to Senator Baker; A. Searle Field, assistant to Senator Weicker; Ray St. Armand, assistant publications clerk.

Senator ERVIN. The committee will come to order. Counsel will call the first witness.

Mr. DASH. Mr. Orin E. Atkins.

Senator ERVIN. Will you stand up, Mr. Atkins, hold up your right hand. Do you swear that the evidence that you shall give to the Senate Select Committee on Presidential Campaign Activities shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ATKINS. Yes, sir.

Senator ERVIN. Be seated.

Mr. DASH. Mr. Chairman, Mr. James Hamilton, assistant chief counsel, will begin the questioning.

Senator ERVIN. Let the record show that Mr. Fred Vinson appears as counsel for the witness.

Mr. VINSON. That is correct, Mr. Chairman, and with me as co-counsel, I have Mr. John Jenkins from Huntington, W. Va.

Mr. HAMILTON. Will you state your full name, please?

TESTIMONY OF ORIN E. ATKINS, ACCOMPANIED BY FRED M. VINSON, JR., AND JOHN E. JENKINS, COUNSEL

Mr. ATKINS. I am Orin Atkins, chairman of the board of Ashland Oil, Ashland, Ky.

Mr. HAMILTON. What is your address, please?

Mr. ATKINS. 602 Amanda Drive, Ashland, Ky.

Mr. HAMILTON. As chairman of the board of the Ashland Oil, are you the chief executive officer of that company?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. I wonder if you would tell us the principal activities of Ashland Oil?

Mr. ATKINS. Ashland Oil is what is termed an independent refining company which means that it probably buys about 90 percent of its crude oil, primarily a refining, marketing, and transportation company. We also engage in the chemical business and in road construction and mining of coal.

Mr. HAMILTON. Is the principal business of Ashland the refining of crude oil?

Mr. ATKINS. Approximately 50 percent of our—54 percent of our business is in the petroleum industry.

Mr. HAMILTON. For the fiscal year that ended in 1973, September, what was Ashland's consolidated net income?

Mr. ATKINS. We earned about \$85 million in 1973.

Mr. HAMILTON. And its consolidated sales?

Mr. ATKINS. About \$2.3 billion, including about \$300,000—

Mr. HAMILTON. Its consolidated assets.

Mr. ATKINS. About \$1½ billion.

Mr. HAMILTON. \$1½ million?

Mr. ATKINS. \$1½ billion.

Mr. HAMILTON. Where does Ashland rank in terms of sales on Fortune's list of the 500 largest American manufacturers?

Mr. ATKINS. We are approximately 70th in terms of sales in the Fortune 500.

Mr. HAMILTON. How many countries does Ashland operate in?

Mr. ATKINS. I am not sure of the exact number but I suspect in the range of 30 to 35 countries.

Mr. HAMILTON. And is one of these nations the African country of Gabon?

Mr. ATKINS. Yes, sir. We have offshore concession in Gabon engaging in drilling there.

Mr. HAMILTON. What is the name of the Ashland subsidiary that operates in that—

Mr. ATKINS. I believe it is Ashland Petroleum, Gabon.

Mr. HAMILTON. Is that a Delaware corporation?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. Mr. Atkins, were you contacted in early March of 1972 by Maurice Stans?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. How was this contact made?

Mr. ATKINS. Mr. Stans called me on the telephone.

Mr. HAMILTON. What was the purpose of Mr. Stans' contact?

Mr. ATKINS. He was soliciting a contribution for President Nixon's campaign.

Mr. HAMILTON. Did Mr. Stans request that any specific amount be contributed?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. And what was that?

Mr. ATKINS. \$100,000.

Mr. HAMILTON. Did he also mention that he desired that the corporation purchase an advertisement in the Republican convention brochure?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. Did Mr. Stans recommend that you should personally contribute a certain portion of the \$100,000 and solicit the remaining amount from your associates?

Mr. ATKINS. No, sir.

Mr. HAMILTON. Well, did you feel that Mr. Stans was requesting that the contribution be one from you personally or was he soliciting in your opinion, a contribution from the corporation?

Mr. ATKINS. Well, that is a difficult question to answer. In respect to Mr. Stans, he did not make any comment as to where the contribution should come from. He might have had one thing in mind and I may have had something else in mind.

Mr. HAMILTON. What was your impression?

Mr. ATKINS. Well, the impression again is probably not a precise word but in my own mind it could only have come from one place, from the corporation.

Mr. HAMILTON. Why did you hold that opinion?

Mr. ATKINS. Well, a \$100,000 is an awful lot of money and it would not be practical to raise it from any other source.

Mr. HAMILTON. Did you consider that because Mr. Stans at the same time was seeking a corporate ad in the Republican National Convention brochure and since he made the request for the contribution in the same breath, that this was another reason to believe he was soliciting a contribution from the corporation?

Mr. ATKINS. I guess I didn't really relate the two necessarily. I viewed them as one proposition and that was that.

Mr. HAMILTON. Did Mr. Stans suggest to you that the money be contributed before the 7th day of April 1972?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. And what was the reason for that suggestion that Mr. Stans gave you?

Mr. ATKINS. Contributions prior to that date were supposed to be secret and not disclosed.

Mr. HAMILTON. Whose anonymity was Mr. Stans attempting to protect?

Mr. ATKINS. Well, again I am not sure whose anonymity Mr. Stans was attempting to protect, I was interested in protecting my company and myself.

Mr. HAMILTON. But it is fair to say, I think, as you have stated, that Mr. Stans never expressly requested that the corporation make a campaign contribution.

Mr. ATKINS. That is right.

Mr. HAMILTON. What was your response to Mr. Stans' request?

Mr. ATKINS. That we would give it study and think it over and be back to him.

Mr. HAMILTON. Did you then consult Ashland officials as to the desirability of a corporate contribution and as to the amount?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. Of that contribution?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. With whom did you consult?

Mr. ATKINS. I believe the first person who appeared in my office, after I received the call, was Clyde Webb and sometime later I consulted with our vice chairman of our board, William R. Seaton.

Mr. HAMILTON. I am sorry, go ahead.

Mr. ATKINS. I am not sure at what stage it could have been, before or after, my recollections are imprecise, I undoubtedly talked to our president, Mr. Yancy.

Mr. HAMILTON. What was Mr. Webb's position in the corporation?

Mr. ATKINS. Mr. Webb is, his title is, vice president of external affairs.

Mr. HAMILTON. And I believe you said Mr. Seaton was the vice chairman?

Mr. ATKINS. Vice chairman of the board.

Mr. HAMILTON. Mr. Yancy is the corporation president?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. Did you consult Ashland's board of directors about this contribution?

Mr. ATKINS. No, sir; I did not.

Mr. HAMILTON. After your consultations, did you decide to honor Mr. Stans' request regarding the contribution and the ad?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. And did you decide to use corporate funds for that purpose?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. When you made this decision, did you know that the contribution of corporate funds to a Presidential campaign was illegal?

Mr. ATKINS. Well, again that is—to be precise to your question, I did. I guess I viewed it as somewhat analogous to the situation in prohibition, the Volstead amendment, where it was more honored in the brief than by observation. In thinking back on it, it all has a somewhat unreal atmosphere today; we were more concerned about the income tax aspects of the situation than we were about the contribution aspects. I guess we had our priorities in the wrong sequence.

Mr. HAMILTON. What were the reasons that prompted you to make this illegal corporate gift?

Mr. ATKINS. Well, again the situation today is difficult to rationalize. We were not seeking any particular privilege or benefit because we don't do any significant business with the Government. I think all we were attempting to do was to assure ourselves of a forum to be heard. Were we a larger factor in our respective industries, we could expect to have access to administrative officials in the executive branch of Government with ease, but being a relatively unknown corporation, despite our size, we felt we needed something that would be sort of a calling card, something that would get us in the door and make our point of view heard.

We didn't expect those points of view to be accepted, but only from the point of view of being able to express them and that was our thinking or rationale as to why we were interested in making any type of contribution.

Mr. HAMILTON. After you reached the decision to contribute, what steps did you take to get the money together that would be used for the contribution?

Mr. ATKINS. Well, it naturally presented a problem because it is a very significant amount of money and we really had, as I viewed several choices, we could have padded expense accounts, we could have gone the route that others have gone of paying bonuses and having them kick back a portion of them. Both of those seemed to me to be—to create a number of problems income-tax-wise and also present the points of view of internal controls, we elected to just take it out of one of our companies and elected to use Ashland Oil, Gabon.

Mr. HAMILTON. Now, did you send Mr. Seaton to Geneva?

Mr. ATKINS. Mr. Seaton was planning to be in Europe in any event on other business, and since he was going to be there, we asked him to stop by Geneva and pick up the necessary funds.

Mr. HAMILTON. And he withdrew the \$100,000 from the Geneva branch of the First National City Bank of New York, is that correct?

Mr. ATKINS. Yes, sir, that is correct.

Mr. HAMILTON. Why did you make the decision to use the Gabon subsidiary to disburse the funds?

Mr. ATKINS. Again, we were concerned about the income tax consequences of the money transaction. We wanted to be sure that it was not written off for income tax purposes. Ashland Oil, Gabon was engaged in oil exploration in that country. We felt that we would carry that as an investment in land, so to speak, for an undeveloped leasehold thing is the technical expression, and it would just sit there and never be written off for income tax purposes. That is the primary reason why it was done that way.

Mr. HAMILTON. I think it would be helpful, Mr. Atkins, if you would explain to the committee what type of account this undeveloped leasehold account is and how the money, that was attributed to that account, would be taken into account for tax purposes, because I believe it is not totally clear at the moment.

Mr. ATKINS. I am not sure I can exactly explain it. It is an account which represents the investment in the raw acreage, which is a non-depreciable asset. It just sits there in a lump sum, is not written off, and various expenses go into that. The cost of sending people down to negotiate the concession would normally be capitalized in there. Some seismic costs, rentals, things of that nature would go into there and be capitalized. I am not sure that is completely clear, but that is probably as good an explanation as I can make of the situation.

Mr. HAMILTON. As I understand it, the \$100,000 was to be capitalized in this undeveloped leasehold account.

Mr. ATKINS. That is right.

Mr. HAMILTON. I take it, if the lease had been productive, the \$100,000 would have been written off during the life of the operation, is that correct?

Mr. ATKINS. Well, if it had been productive, it would have, sometime down the road, might have been written off. As a practical matter, I think we had it red-flagged so that it would not be; it was just going to sit there.

In other words, it might have been written off 25 or 30 years from now, but until that time, it was just going to sit there.

Mr. HAMILTON. If the leasehold was unproductive, is it correct that it would have been written off when the concession was surrendered?

Mr. ATKINS. It would have been written off for book purposes, but it would never have been written off for tax purposes.

Mr. HAMILTON. Why was the decision made to withdraw the money from a Swiss account?

Mr. ATKINS. Well, \$100,000 in cash is a commodity which U.S. banks, I do not believe, normally deal in from day to day. But I think the Swiss, being a more sophisticated financial society than ours, I believe, are used to dealing in such numbers, and it does not excite anybody's curiosity if you walk in and ask for \$100,000 out of a Swiss bank. If you did that in the United States, everybody and his brother would be wondering what you did with it.

Mr. HAMILTON. Was the money withdrawn from the Geneva branch in cash?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. Mr. Atkins, I am going to show you a document entitled "Statement of Cable Transfers Sold." Does this document reflect the cablegram that was sent by the First National City Bank of New York to the Geneva branch to effect the transfer of the money to Mr. Seaton?

Mr. ATKINS. It says: "Notify and pay Mr. William R. Seaton, vice chairman, Ashland Oil, Inc., who will identify himself with passport No. A 120024, Monday, March 27, 1972, in cash or cashier's check at his disposition," [exhibit No. 272-1] \$100,000; yes, sir.

Mr. HAMILTON. When was the delivery of the \$100,000 from the Geneva branch actually made to Mr. Stans?

Mr. ATKINS. I am not completely positive, but I think it was on April 3.

Mr. HAMILTON. Who made the delivery?

Mr. ATKINS. Mr. Webb flew over from Ashland and delivered it to Mr. Stans.

Mr. HAMILTON. Did Mr. Webb report to you on the substance of his conversation at that time that he had with Mr. Stans?

Mr. ATKINS. He reported to me that he delivered the funds to Mr. Stans and Mr. Stans took the briefcase and dumped it in his desk drawer and said thank you, and he left. I do not believe he was in Mr. Stans' office more than a minute or two.

Mr. HAMILTON. To your knowledge, did Mr. Webb and Mr. Stans discuss the actual source of the money in Mr. Stans' office?

Mr. ATKINS. I am positive that they did not. Maybe "positive" is too strong a word, but I am sure they did not.

Mr. HAMILTON. Did Mr. Webb, in the spring of 1973, have another occasion to speak with Mr. Stans?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. And at that time, did Mr. Stans make a request that he be allowed to speak with you?

Mr. ATKINS. Mr. Stans, I believe, had originally called for me, and I was either out of the office or I was away from the office. In my absence, Mr. Webb called him back and talked to Mr. Stans; yes, sir.

Mr. HAMILTON. What did Mr. Stans want to speak to you about, according to Mr. Webb's account?

Mr. ATKINS. I believe that it was about the contribution.

Mr. HAMILTON. You say he wanted to talk about the contribution. Was he interested in talking about the source of the contribution?

Mr. ATKINS. No, sir.

Mr. HAMILTON. I believe you told us in a staff interview that Mr. Webb reported to you that Mr. Stans wanted a reconstruction of the list of contributors; is that correct?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. In other words, he wanted you to give him a list of individuals who had contributed to the \$100,000 amount; is that correct?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. Did you ever speak with Mr. Stans on this matter?

Mr. ATKINS. No, sir.

Mr. HAMILTON. Why not?

Mr. ATKINS. Well, I didn't see that very much could be gained by talking to Mr. Stans. I was not about to do what he wanted us to do, so I didn't talk to him.

Mr. HAMILTON. Did you feel he was trying to make you create a list that didn't exist?

Mr. ATKINS. Well, I believe the conversation, to be as precise as I recall it, was to the effect that Mr. Stans told Mr. Webb that in all probability, there was a list of contributors, that it had not come from him, that it was floating around, and that we were on it. We, being Ashland Oil, were shown on it as being a contributor, and that he was trying to reconstruct the list and would like to have from us any information that we could reconstruct.

Mr. HAMILTON. Mr. Atkins, did you get a letter from Mr. Kenneth Parkinson, who is the counsel for the Finance Committee To Re-Elect the President, that he wrote on July 9, 1973, [exhibit No. 272-2] that requested information on the source of the contribution?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. I would like to show you a copy of this letter and have you identify it.

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. This letter states that you and your wife had recently informed the finance committee that the two of you were the source of the \$100,000. Had you so informed the finance committee?

Mr. ATKINS. No, sir. I had assumed when I saw this letter, that it must have come from President Nixon's Christmas card list. It had my home address on it, my wife's name on it. The only contact I ever had with the committee were contributions through the office and in the name of Ashland Oil. I just concluded when I saw it that—I guess you refer to it as Rosemary's list—they must have picked it up and taken my home address off it. It was more a social thing than a business transaction.

Mr. HAMILTON. Did you respond to Mr. Parkinson's letter through your counsel and inform Mr. Parkinson that corporate funds had been used?

Mr. ATKINS. Yes, sir. I might add that prior to that time—prior to receiving the letter on July 9, we had been in touch with the Cox committee and informed them of our contribution, the nature of it.

Mr. HAMILTON. I would like to show you a copy of a letter written to Mr. Stans on July 16 by your counsel, Mr. Vinson, [exhibit No. 272-3] and ask you to identify this.

Mr. ATKINS. Yes, sir. That letter was a letter written by Mr. Vinson on our behalf, informing the committee that the contribution had been from corporate funds and requesting a refund.

Mr. HAMILTON. And this letter does state that the finance committee was not informed and had no way of knowing that this contribution originated from a corporate source?

Mr. ATKINS. That is right.

Mr. HAMILTON. Mr. Vinson in his letter also requested that the \$100,000 be returned. Was it returned?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. Did the return come in the form of a check for \$100,000 from Paul E. Barrick, who was the treasurer of the finance committee?

Mr. ATKINS. I presume it did. I don't recall seeing the check.

Mr. HAMILTON. I have a copy of the check here and a copy of Mr. Barrick's letter to Mr. Vinson [exhibit No. 272-4]. I would like to show these to you; and if you can identify these, I would appreciate it. The letter from Mr. Barrick to Mr. Vinson is also dated July 16, 1973, as is the check.

Mr. ATKINS. I recall now seeing both the letter and the check.

Mr. HAMILTON. Does Mr. Barrick's letter also indicate that the finance committee did not know the \$100,000 was a corporate contribution?

Mr. ATKINS. That is what it states.

Mr. HAMILTON. But it is still your testimony, is it not, that when you initially talked to Mr. Stans, you did have the impression, at least in your mind, that the money he was asking for was corporate money?

Mr. ATKINS. In my mind, there was never any doubt that that is where it was going to come from.

Mr. HAMILTON. I believe you said that you reported this contribution to the Special Prosecutor's Office.

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. When was that, Mr. Atkins?

Mr. VINSON. Mr. Hamilton, I think I could best answer that. I don't recall the precise date of the first visit. It was sometime, I think, in early July.

Mr. HAMILTON. Mr. Atkins, have you and Ashland Petroleum, Gabon, now entered pleas to misdemeanor charges in regard to this contribution?

Mr. ATKINS. Yes, sir, in the Federal district court in Kentucky. Ashland Petroleum, Gabon pleaded guilty and was fined \$5,000. I pleaded nolo contendere and was fined \$1,000.

Mr. HAMILTON. The charge the corporation pleaded to was a violation of 18 USC 610, making a corporate contribution, is that correct?

Mr. ATKINS. I believe so.

Mr. HAMILTON. The charge you pleaded nolo to was aiding and abetting, is that true?

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. Mr. Atkins, do you feel that the \$100,000 contribution that the corporation gave, produced any distinctive benefit to Ashland Oil?

Mr. ATKINS. No, sir.

Mr. HAMILTON. Let me ask you about one specific instance, that instance that has occurred in the last several months. As you know, on April 18 of this year, the Federal Government lifted import quotas on foreign oil. Do you feel that this governmental decision was in any way effected by Ashland's gift or by the gifts of other oil companies?

Mr. ATKINS. No, sir. On the part of Ashland, we are approximately 3 percent of the petroleum business in the United States. I am sure we did not have any effect on it. The facts of the matter are that the import program was originally established to protect the price of domestic crude oil when foreign crude oil was selling for less than domestic oil. Today, as I think most of us are unfortunately aware, foreign oil is much more expensive than domestic oil, and there was no logic to continuing the import program. So I am sure that no action on our part or action on the part of any other company, in the petroleum industry, led to the dropping of the quota system.

Mr. HAMILTON. Can you think of any way that your corporation was distinctively benefited by its contribution?

Mr. ATKINS. I am afraid that I can't. It is an unfortunate statement to make on behalf of our shareholders, but I can see no way that we were benefited.

Mr. HAMILTON. Mr. Atkins, I am going to show you a copy of two more letters [exhibit No. 272-5]—actually, I am going to show you the original of these letters. The first letter is a letter of July 26, 1973, by a Mr. George Berdes, I believe.

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. The second one is your reply to Mr. Berdes of July 28, 1973.

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. I will read one paragraph from your letter.

First of all, Mr. Atkins, do you recognize these letters? Is this your signature?

Mr. ATKINS. Yes, sir, I wrote both letters—I mean I wrote the letter.

Mr. HAMILTON. I will read you one paragraph from your letter to Mr. Berdes:

There was a good business reason for making the contribution and, although illegal in nature, I am confident that it distinctively benefited the corporation and the stockholders.

Mr. ATKINS. Yes, sir.

Mr. HAMILTON. My question to you again, sir, is how did the contribution distinctively benefit the corporation and the stockholders?

Mr. ATKINS. It is very difficult to be precise on how that benefited. As I stated earlier, its intention was to give us a means of access to present our point of view to the executive branch of the Government. That in itself is sort of like water wearing away a rock; you present your point of view and hope a little bit of it will rub off. We have continually presented what we think is best for the country in terms of our position on various matters, and when we do so, we feel that it was beneficial to our shareholders, and that is what was intended by the remark in the letter to Mr. Berdes.

Mr. HAMILTON. Do you feel that your contribution did give you access to governmental sources?

Mr. ATKINS. I don't believe that it did. With the lapse of time, and I would have hoped that it might eventually give us access, but the timelag and so on, nothing really occurred.

Mr. HAMILTON. Mr. Chairman, I have no further questions of Mr. Atkins, but I would like to have the documents that he identified—I believe there were five documents—introduced into the record.

Senator ERVIN. Let the record show that the documents are received in evidence and will be marked appropriately as exhibits by the reporter.

[The documents referred to were marked exhibits Nos. 272-1 through 272-5.*]

Senator ERVIN. I have to go to the Senate floor, and with the consent of Mr. Thompson, I will interrogate the witness next.

Mr. Atkins, it looks to me as if Mr. Stans had made an assessment.

Mr. ATKINS. I think that is a correct assessment.

Senator ERVIN. In other words, he told you in effect that he would let you off with a contribution of \$100,000 plus a \$10,000 advertisement in the convention paper.

Mr. ATKINS. I believe you are right.

Senator ERVIN. He never left you much option in the matter, did he?

Mr. ATKINS. I don't believe so. It is true that I didn't have much of an option.

Senator ERVIN. Now, this question of maintaining the anonymity of contributions is a two-way street. It not only protects the disclosure of the fact of the identity of the contributor but it also prevents disclosures of facts which would indicate—give a lead as to who raised the contribution and by what method it was raised.

Mr. ATKINS. Yes, sir.

Senator ERVIN. Mr. Stans made a great profession when he was before this committee that he was merely trying to conceal the identity of contributors. But do you not agree with me that the method—when you concealed the identity of a contributor you also concealed a method, the way by which you can find how the recipient of the contribution got the contribution?

Mr. ATKINS. Yes. I completely agree with you and I think that is one thing that should definitely be done away with by legislation.

Senator ERVIN. Now, you never represented to Mr. Stans or to the Committee To Re-Elect the President or anybody else that your wife was one of the contributors of this \$100,000?

Mr. ATKINS. No; in fact, my wife was fairly upset when her name appeared in the letter.

Senator ERVIN. But you found out that the records of the Finance Committee To Re-Elect the President listed your wife as well as you as a joint contributor?

Mr. ATKINS. I frankly do not think the list of the committee ever listed my wife. I do not believe it ever did. I think that list came from just where it came from—it came from the White House.

Senator ERVIN. It came from the White House?

Mr. ATKINS. I suspect it came from the White House.

Senator ERVIN. So the White House which professed to stand above the battle also had information about who the contributors were?

Mr. ATKINS. That is my supposition.

*See pp. 5795-5800.

Senator ERVIN. Now, you made a reference to campaign contributions in which you called attention to the Volstead Act. My father, who was just an old country lawyer, used to say "John Barleycorn" had more friends in private and more enemies in public than any other people.

Mr. ATKINS. Your father was correct, sir.

Senator ERVIN. Do you not think we are going to have to have some drastic reforms in the method by which campaign contributions are obtained?

Mr. ATKINS. I think so, and I think you are going to have to recognize that the cost of these campaigns is exorbitant and they are going to have to be financed out of public funds myself. I do not think it is practical to expect—

Senator ERVIN. It certainly is a human weakness or desire for anyone engaged in business to have a friendly ear in government.

Mr. ATKINS. That is right, very much so.

Senator ERVIN. And so departing from the realm of politics into the realm of the spiritual, the method of raising campaign contributions now borders on extortion, does it not?

Mr. ATKINS. Very much so.

Senator ERVIN. Do you not agree with me that there ought to be a statute putting very severe limits on the amount of a contribution any individual or organization can make?

Mr. ATKINS. Yes, sir, I think it should also cover the form. I do not think there is much excuse for contributions in cash being given or received. If you want to make a contribution you ought to write out a check and make your contribution. Giving it in cash is not a normal business transaction today. Nominal contributions of \$10, \$15, or \$20 in cash is all right but anything above that you should have a check.

Senator ERVIN. We have an astounding fact here revealed by the testimony that over a \$1 million in cash was disbursed by the committee, Finance Committee To Re-Elect the President which was headed by an accountant and that no records were kept by the committee to show what became of the over \$1 million. Do you not think we need more stringent reporting requirements?

Mr. ATKINS. We most certainly do.

Senator ERVIN. Do you not think it would be a helpful thing to require not only the committee that raises the money to make the report but any individual or organization which contributes a substantial amount of money to make the report also?

Mr. ATKINS. No question about it. It should be done.

Senator ERVIN. I want to commend you for the frank statements you make and for making a voluntary disclosure to the Special Prosecutor, as I understand.

Mr. ATKINS. Thank you very much.

Senator ERVIN. You are certainly blessed, some people do not like me to quote scripture but rest in the implicit, "Blessed is he who swears to his own hurt and changeth not," so I think you are entitled to that blessing.

Mr. ATKINS. Thank you.

Senator ERVIN. Mr. Thompson.

Mr. THOMPSON. Thank you, Mr. Chairman.

Mr. Robert Silverstein, assistant minority counsel, will question this witness.

Mr. SILVERSTEIN. I just have a very few short questions.

Mr. Atkins, with reference to the telephone call you received in March 1972 from Mr. Stans, had you had any previous discussions with Mr. Stans on the same subject?

Mr. ATKINS. No.

Mr. SILVERSTEIN. When was the last time you spoke to Mr. Stans?

Mr. ATKINS. I think the last time I had seen or talked with Mr. Stans was when we were at one stage interested in a petrochemical project in Yugoslavia.

Mr. SILVERSTEIN. About how long ago was this?

Mr. ATKINS. I am not the greatest fellow in the world on dates.

Mr. SILVERSTEIN. Roughly.

Mr. ATKINS. It would probably have been 18 months to 2 years prior to that time. Mr. Stans had just returned from Yugoslavia and we happened to be in the Department of Commerce, it was when he was still Secretary of Commerce.

Mr. SILVERSTEIN. How would you categorize your relationship with Mr. Stans, business, casual, or friendly?

Mr. ATKINS. Extremely casual. If he knew I was coming in he probably would recognize me. If he passed me on the street he probably would not.

Mr. SILVERSTEIN. Do you have any idea why Mr. Stans called you personally for a contribution?

Mr. ATKINS. Well, I really do not have any idea.

Mr. SILVERSTEIN. Do you know whether or not Mr. Stans called other corporation officials in the oil industry?

Mr. ATKINS. I really have no way of knowing whether he contacted anybody else or not.

Mr. SILVERSTEIN. When Mr. Stans spoke to you on the phone did he mention a specific amount?

Mr. ATKINS. Yes, sir.

Mr. SILVERSTEIN. What was that specific amount?

Mr. ATKINS. Well, we talked in generalities for a while and then he suggested the sum of \$100,000 and \$10,000 through a campaign ad.

Mr. SILVERSTEIN. Would you say that he reduced the amount to \$100,000?

Mr. ATKINS. Well, I am sure of Mr. Stans' background as a good negotiator and if I volunteered something higher, he might never have mentioned it, but if I mentioned something low he might raise it.

Mr. SILVERSTEIN. So far as you could remember?

Mr. ATKINS. So far as I could remember that was the specific sum.

Mr. SILVERSTEIN. How did he open the conversation when he called you?

Mr. ATKINS. I really don't recall. It was a very short conversation. I didn't expect the call. I have a habit of answering my own telephone and I picked up a phone and Mr. Stans was on the other end of the wire.

Mr. SILVERSTEIN. About how long was the conversation, roughly?

Mr. ATKINS. Oh, some of my friends accuse me of talking short-hand and I suspect that the conversation, if it lasted 3 minutes was a long conversation. He told me what he wanted and I told him I would think about it and that was it.

Mr. SILVERSTEIN. Did Mr. Stans make any promises to you?

Mr. ATKINS. None.

Mr. SILVERSTEIN. Did he just say "Mr. Atkins, I would like to have a donation"?

Mr. ATKINS. As near as I remember that was just about it. He may have prefaced it by some comment about how good a job the President was doing and why we should support him, something like that, that was generally the point.

Mr. SILVERSTEIN. You were under no obligation to Mr. Stans?

Mr. ATKINS. None, sir.

Mr. SILVERSTEIN. You weren't threatened, of course.

Mr. ATKINS. No.

Mr. SILVERSTEIN. Did Mr. Stans specifically ask for cash?

Mr. ATKINS. No, sir.

Mr. SILVERSTEIN. Did Mr. Stans mention where the money would come from—from the corporation?

Mr. ATKINS. No, sir.

Mr. SILVERSTEIN. You stated that it was your impression that Mr. Stans expected the contribution to be a corporation contribution?

Mr. ATKINS. No; I don't believe I said that.

Mr. SILVERSTEIN. What did you say?

Mr. ATKINS. I believe what I said was, I can't testify as to what Mr. Stans had in mind but the minute he mentioned it I knew it had to come from the company.

Mr. SILVERSTEIN. Why did you say that?

Mr. ATKINS. Well \$100,000 is an awful lot of money and I knew what I had in the bank and it wasn't anywhere close to that and I knew what my associates had and there was only one source that it could come from, from my point of view.

Mr. SILVERSTEIN. Well, the question I am coming up to is, why didn't you just say "Thank you, Mr. Stans," and just decline the invitation?

Mr. ATKINS. Well, that would in retrospect have been an extremely logical thing to do, in retrospect I wish that is what I had done in retrospect. I am sure Mr. Stans wishes that is what I would have done.

Mr. SILVERSTEIN. What was going through your mind at the time?

Mr. ATKINS. Well, I think you have to again try to move back in time and it was a situation, as I assessed it, which was very difficult to turn down.

Mr. SILVERSTEIN. But you felt that you more or less were obligated to make a contribution, was that your feeling at the time?

Mr. ATKINS. I think that is, Mr. Silverstein, probably a correct assessment.

Mr. SILVERSTEIN. Well, after the telephone conversation you said you discussed this matter with others. Who were the others?

Mr. ATKINS. I think a Mr. Webb came in my office right after I had had the conversation and I told him about it, and I discussed it with Mr. Seaton who was vice chairman of our board.

Mr. SILVERSTEIN. And Mr. Yancy?

Mr. ATKINS. I discussed it at some stage with Mr. Yancy, I am not real positive just when I discussed it with Mr. Yancy.

Mr. SILVERSTEIN. What is Mr. Yancy's position in the firm?

Mr. ATKINS. Mr. Yancy and I are sort of like partners. I run one side of the business and he runs the other. He does the work. He runs the refineries and the chemical company.

Mr. SILVERSTEIN. Would it be fair to say that you are No. 1, Mr. Seaton is No. 2, and Mr. Yancy is No. 3?

Mr. ATKINS. No. It is more like I guess on the letterhead I am No. 1 but the operations are more or less split between Mr. Seaton and Mr. Yancy but the financial side of the business is more in Mr. Seaton's sphere than Mr. Yancy's but Mr. Yancy is the operating head of divisions which account for about 75 percent of our profits.

Mr. SILVERSTEIN. Approximately how many employees do you have?

Mr. ATKINS. We have about 22,000 employees.

Mr. SILVERSTEIN. Well, after you spoke to these individuals, did the decision to make the contribution come as a result of the group discussion?

Mr. ATKINS. I think the decision was made by me. If they had objected strenuously, I would probably have rethought it but when I talked to them, I, in my own mind, had made the decision.

Mr. SILVERSTEIN. Did you discuss anything pertaining to problems of the Ashland Oil Co. that might be helped by the contribution?

Mr. ATKINS. No, sir.

Mr. SILVERSTEIN. Did you discuss any problems that the Ashland Oil Co. had with the Government?

Mr. ATKINS. No, sir.

Mr. SILVERSTEIN. Or with the administration?

Mr. ATKINS. No, sir.

Mr. SILVERSTEIN. And as far as you can remember those are the only individuals you discussed it with?

Mr. ATKINS. As near as I recall, sir.

Mr. SILVERSTEIN. Well, after the decision was made to make a contribution, then the next decision was, how was the contribution going to be made?

Mr. ATKINS. That is right.

Mr. SILVERSTEIN. Now, who was in that conversation? Who participated in it?

Mr. ATKINS. I would think it probably evolved out of discussions between Mr. Seaton and myself.

Mr. SILVERSTEIN. Did you consider false vouchers, false bonuses, things of that sort?

Mr. ATKINS. I guess we may have considered it but, as I say, the decision had been made and I pretty much had been thinking about how it would be done, rejected those approaches.

Mr. SILVERSTEIN. But they did come up?

Mr. ATKINS. Yes, sir.

Mr. SILVERSTEIN. Did the discussion at that time include who was to make a delivery?

Mr. ATKINS. No. I think that eventually just naturally evolved and Mr. Webb, he was more or less a handcuffed volunteer in carrying the money.

Mr. SILVERSTEIN. Well, Ashland Petroleum-Gabon Co., can you just tell me something about the type of organization it is?

Mr. ATKINS. When you go into these foreign countries for a variety of tax and other reasons you go in through a separate company, and this was a company which was organized and created to operate in Gabon. Actually the company was one we had acquired originally from—which had been organized by Union Carbide and we bought

the properties of Union Carbide, including the stock of this company, and it holds two offshore concessions of Gabon and it covers probably, oh, 60 or 70 square miles of offshore territory. We drilled two dry holes on it, spent about \$6 million down there and found no oil. It is a typical exploration company.

Mr. SILVERSTEIN. Would you say it was a successful operation?

Mr. ATKINS. When you have spent \$6 million and you don't have anything to show for it but 60 square miles of ocean land, I wouldn't call it exactly successful.

Mr. SILVERSTEIN. Do you have a tax writeoff on that?

Mr. ATKINS. No, sir; we have not taken a tax writeoff on it. We have written it off for book purposes but not for tax purposes because we are still holding the concessions hoping we will get lucky.

Mr. SILVERSTEIN. You have mentioned that you felt it necessary to have a voice in the administration.

Mr. ATKINS. It wasn't a voice. I just wanted—

Mr. SILVERSTEIN. How did you categorize it?

Mr. ATKINS. I categorized it as the ability to be heard.

Mr. SILVERSTEIN. Before whom?

Mr. ATKINS. Well, that is more difficult to assess, and I guess we never really had an occasion to try to figure that one out.

We do know that the larger segments of our industry have no difficulty in making their points of view heard. We have operations in many States but most of the time, because of our rather obscure name and rather obscure identity and the fact we operate through subsidiaries, the size and scope of our operation is not generally appreciated or understood, so if we were to call for an appointment for secretary of some agency the chances are he probably would say, "Ashland who?" [Consulting with counsel.]

Also, Mr. Vinson reminds me, which is very true, that we speak for a different segment of the industry than most of the companies. Most of the major oil companies supply their own operations; we primarily sell independent distributors. More than 60 percent of our business is selling to independent businessmen who resell our products under their own brand name, and, as I am sure you are aware from the energy crisis we have had, these businessmen are a different breed of cat, so to speak.

Mr. SILVERSTEIN. Would you categorize yourself as one of the independents?

Mr. ATKINS. We are definitely one of the independents.

Mr. SILVERSTEIN. And one of the problems common amongst the independents is that they would like to have a larger quota of crude oil?

Mr. ATKINS. Well, we feel that we benefit from a surplus of crude oil. If crude oil is in ready supply with easy access to it, we think the consumer benefits if we benefit; so I think that is economy of abundance; we like to operate in an economy of abundance.

Mr. SILVERSTEIN. Did you notice any benefits after you made the contribution?

Mr. ATKINS. Things went on just like they were before. No benefits.

Mr. SILVERSTEIN. Last Monday night, I showed you a news clipping. You said you were familiar with it. I have it here.

Mr. ATKINS. Is it the one in the Jack Anderson column?

Mr. SILVERSTEIN. Jack Anderson, yes, sir.

I refer to a news clipping of the Washington Post dated August 8, 1973. In this particular article, I will just quote a particular sentence which I think is appropriate.

Ashland will reap billions from an agreement reached July 25 with the oil-rich kingdom of Iran. The landmark agreement needed U.S. Government sanction.

Would you care to comment on that?

Mr. ATKINS. We negotiated on this agreement for approximately 4 years. We did not advise the Government, the U.S. Government, of our negotiations. They knew nothing about it. We did not contact the Embassy in Iran at any time during the negotiations. We contacted no branch of the Government. We asked for no help, and we did not need any Government approval or sanction at all to enter into the contract. It was purely and simply between ourselves and the National Iranian Oil Co., which is the state oil company of Iran, and the statement is completely incorrect.

Mr. SILVERSTEIN. Thank you. Last Monday night, I showed you a copy of a committee report dated November 8, 1973, which was very recent. This committee report was the result of the Permanent Committee on Investigations of the Committee on Government Operations of the U.S. Senate. I invite your attention to page 45.

I would like to read a very, very short paragraph.

Robert E. Yancy, President of Ashland Oil, met with officials of the Office of Emergency Preparedness on April 6, 1972. Mr. Yancy reported Ashland was having "extreme difficulty" obtaining crude oil. He requested import increases of the magnitude of 300,000 barrels per day.

Would you care to comment on that, please?

Mr. ATKINS. Well, that comment was made in a meeting between a Mr. Trupner, who was at that time—I am not sure what his rank was at the Office of Emergency Planning. Mr. Lincoln was the head of it and they were meeting with Mr. Trupner. We felt that the import quota system was obsolete and should be removed and were urging that it be taken off. Our position, we are positive, was correct. If you will note on the following page of that report, the White House opposed our position—that is page 47. Also, that Humble Oil, which is a subsidiary of Standard New Jersey, also opposed our position. So it is, what I guess I would term, a classic situation.

Mr. SILVERSTEIN. I notice the date, April 6. Were you aware of this particular problem at that time, April 6, 1972?

Mr. ATKINS. Oh, I am sure we were. It is more or less a perennial problem, I think. Any time in the last 3, 4, or 5 years we would have had problems with the imports.

Mr. SILVERSTEIN. These problems that your subsidiaries have or your organizations have, do they bring those to you when they relate to the company? Who handles those when they need assistance?

Mr. ATKINS. We are a fairly closely knit organization. We live in a relatively small town and we are in pretty constant communication. If there is a problem, a number of people know about it. I think we know about our problems just because they are there, they exist. We do not have any clear cut method of coming to me and saying, we have a problem in Washington and we need help with it.

Mr. SILVERSTEIN. I invite your attention to page 54 and page 55.

Mr. ATKINS. Yes, sir.

Mr. SILVERSTEIN. The top of page 55. This pertains to "Ashland attacks borrowing concept." That is on pages 54 and 55.

Mr. ATKINS. Yes, sir.

Mr. SILVERSTEIN. I assume that you have an objection to a particular concept or something there.

Mr. ATKINS. Well, rather than increase the amount of oil which could come into the country, as a substitute measure, they gave you a quota and permitted you to borrow against next year's quota. We were sort of leaking our own hole, so to speak. You used up tomorrow's oil today and then tomorrow, you were out of business. We felt that was an unsound way to run any business. It prevented planning, prevented you from saying what you would be doing 3 years from now. We were in a position of having to charter tankers to move oil from Iran and Saudi Arabia to the United States and these things all take planning. This borrowing concept made planning pretty nearly impossible.

Mr. SILVERSTEIN. Who could have helped you with that?

Mr. ATKINS. This is another problem, because I guess the import program never really had a home.

Mr. SILVERSTEIN. Are you familiar with the Office of Emergency Preparedness?

Mr. ATKINS. Yes, sir.

Mr. SILVERSTEIN. How does that organization relate to your industry?

Mr. ATKINS. I hate to admit it, but I have never been really completely sure. They are one of the planning organizations having to do with oil import quotas. The Department of the Interior actually issues the quotas and administers them, but some way or other, the Office of Emergency Planning had an input and they did some of the planning and was sort of a think tank, maybe, for the Department of the Interior.

Mr. SILVERSTEIN. Well, the Oil Import Appeals Board.

Mr. ATKINS. That is under the Department of the Interior, as I understand it.

Mr. SILVERSTEIN. And how does that Board relate to your organization?

Mr. ATKINS. Well, if you have a problem on imports and you have to get a quota, an additional quota to stay in business, you file an appeal with the Oil Import Appeals Board. It is a 3-man body. Then they study and tell you whether you get an additional quota or do not get an additional quota.

Mr. SILVERSTEIN. Are these the areas you are referring to when you say you would like to be heard a little bit more? You were not being heard?

Mr. ATKINS. No, in those areas you had access to administrative methods and procedures. As I am saying, I am not sure where we wanted to be heard or how we wanted to be heard. I suspect if we had the occasion, we would have hoped it would be some place else.

Mr. SILVERSTEIN. Are you familiar with—I am sure you are—with Ashland Oil Co. of California?

Mr. ATKINS. That has no connection with us whatsoever.

Mr. SILVERSTEIN. Has no relationship?

Mr. ATKINS. None whatsoever. It is owned by an individual who organized it some years before we qualified to do business in California and we have tried to buy the name back from him and unfortunately, we have not been able to. He travels around the world and passes himself off as Ashland Oil, and it is a source of great embarrassment to us.

Mr. SILVERSTEIN. It is the same name, but a different organization?

Mr. ATKINS. Completely different. You have done your homework well.

Mr. SILVERSTEIN. Thank you. The Union Oil Co. of California—is that one of your organizations?

Mr. ATKINS. Yes, sir.

Mr. SILVERSTEIN. Have they had any problems that they brought to you that you are aware of?

Mr. ATKINS. No, sir.

Mr. SILVERSTEIN. Do you know of any reason why the U.S. Geological Survey would be of assistance to your organization or any relationship to them?

Mr. ATKINS. I am sure some of our people have contacts with USGS, but I am not aware of what they are.

Mr. SILVERSTEIN. This pertains to a petition of the Ashland Oil Co., T-119. Would you be familiar with that?

Mr. ATKINS. No, sir. What is the title of it?

Mr. SILVERSTEIN. This pertains to a petition to develop—for the increase of the allocation of Canadian crude oil imports.

Mr. ATKINS. We are a large importer of Canadian crude.

Mr. SILVERSTEIN. But you do not have any particular problems in that area?

Mr. ATKINS. Well, just like all oil companies—

Mr. SILVERSTEIN. I am trying to see where the contribution would help you and where the voice—

Mr. ATKINS. Our petition in that regard is just like everybody else's.

Mr. SILVERSTEIN. I will go into another area now. Have you made any contributions or your organization—I am referring to the 1972 Presidential campaign—to the Democratic National Convention?

Mr. ATKINS. To the Democratic National Convention? Yes, we contributed—we bought a program in the Democratic Convention.

Mr. SILVERSTEIN. Will you describe when, where, and how?

Mr. ATKINS. I am not really sure how it occurred. I think when we bought a program, an ad, in the Republican, we assumed we would buy one in the Democratic, which we did.

Mr. SILVERSTEIN. I just have a few very short questions.

Did you receive a questionnaire from this committee?

Mr. ATKINS. Yes, sir.

Mr. SILVERSTEIN. Did you read the questionnaire?

Mr. ATKINS. Yes sir.

Mr. SILVERSTEIN. One of those questions, I believe, pertained to—have any of your subsidiaries contributed to any party primary. et cetera, pertaining to the 1972 Presidential campaign? Do you remember that question?

Mr. ATKINS. I don't remember it specifically, no. But I am sure it is in there. The answer to your question is no.

Mr. SILVERSTEIN. You say you have not checked with them or they have not been in contact with you?

Mr. ATKINS. Well, I would know.

Mr. SILVERSTEIN. You would know?

Mr. ATKINS. Yes sir.

Mr. SILVERSTEIN. Have you specifically asked them or is it your assumption?

Mr. ATKINS. In our situation, our control is such that I would know.

Mr. SILVERSTEIN. You have no further knowledge of the \$10,000 contribution to the brochure in the Democratic—

Mr. ATKINS. I know it was made.

Mr. SILVERSTEIN. But do you know who made it?

Mr. ATKINS. I know who requested it.

Mr. SILVERSTEIN. Who requested it?

Mr. ATKINS. I think when Mr. Webb—when we agreed to make the one to the Republicans, I think he then contacted the Democrats and told them he would take an ad there.

Mr. SILVERSTEIN. Is it your understanding that Mr. Webb voluntarily contacted the Democrats?

Mr. ATKINS. That is my impression, yes. I think when we decided to take the one with the Republicans, we called the Democrats and told them we would take an ad in theirs.

Mr. SILVERSTEIN. Do you know whether or not the Democrats asked them for a voluntary contribution in addition to that?

Mr. ATKINS. It is my impression that they did not.

Mr. SILVERSTEIN. I have no further questions.

Senator INOUE [presiding]. Senator Montoya.

Senator MONTOKA. Mr. Atkins, let's go back to the initial approach made by Mr. Stans. Did you receive any advance notice that he was going to call you?

Mr. ATKINS. No, sir.

Senator MONTOKA. Did you have any conferences with your associates anticipating that possibility?

Mr. ATKINS. No, sir.

Senator MONTOKA. Had you read in the newspapers that he was Paul Revering for finances for the Committee To Re-Elect the President all over the country?

Mr. ATKINS. I suspected, but I don't recall specifically.

Senator MONTOKA. Now, you say that you spent 3 minutes, and during those 3 minutes, he persuaded you to the tune of \$100,000. Now, will you tell us just exactly what conversation you had during those 3 minutes?

Mr. ATKINS. Well, I can't recall exactly, Senator, but I think it was what you would probably term a fairly casual conversation. He called and told me who it was. I told him I was glad to hear from him.

Senator MONTOKA. Were you?

Mr. ATKINS. Pardon me?

Senator MONTOKA. Were you glad to hear from him?

Mr. ATKINS. No, sir.

Senator MONTOKA. Give us the substance of the conversation.

Mr. ATKINS. That pretty much was the substance. I didn't see any percentage—I knew there was not much percentage in arguing with him. My objective was to get off the phone and—

Senator MONTROYA. Well, what words did he use, more or less, in making you arrive at the acceptance of the \$100,000 fee?

Mr. ATKINS. Pretty much as I said before—on account of the excellent job he thought the President was doing, everybody needed to help him, his usual sales pitch, which I think, if you normally sat down to write out what you would say if you were calling somebody to ask him for \$100,000, you would preface it by something, and it was sort of that kind of approach.

Senator MONTROYA. Did he indicate to you that he was calling in behalf of the President?

Mr. ATKINS. No, sir.

Senator MONTROYA. Now, will you list the subsidiaries of Ashland Oil?

Mr. ATKINS. There are approximately 250 of them.

Senator MONTROYA. And you are not aware that they contributed to the Committee To Re-Elect the President or to the Republican National Committee.

Mr. ATKINS. I am positive they did not, other than the ones disclosed here; I am positive that they did not.

Senator MONTROYA. And you said that Union Oil was a subsidiary?

Mr. ATKINS. Oh, no, Union Oil is a very substantial California oil company, much as we are.

Senator MONTROYA. That is all.

Senator INOUE. Senator Weicker.

Senator WEICKER. I gather that there were no specifics that precipitated your agreeing to make the contribution to the administration?

Mr. ATKINS. That is right, Senator.

Senator WEICKER. So would you categorize your response as being the usual businessman's response to a politician's request?

Mr. ATKINS. I guess I can't speak for the bulk of them, but if I had to express an opinion, I would think that would have been the general response.

Senator WEICKER. Has the Ashland Oil Co.—I notice you have been with them since 1950. During that period of time, have similar requests been made of the company by administration officials, Democrat or Republican?

Mr. ATKINS. I don't really recall any other. To my knowledge, this is the only one.

Senator WEICKER. This is the only request from a Cabinet official that you recall from either party?

Mr. ATKINS. Yes, sir. That is one of the advantages of being off the beaten track.

Senator WEICKER. You say the usual sales pitch. Does Ashland have a representative in Washington?

Mr. ATKINS. Yes, sir, we have an office in Washington in which we have two lawyers.

Senator WEICKER. Do they perform strictly legal services, or are they registered also as lobbyists?

Mr. ATKINS. I am not sure. I think they are not registered as lobbyists and their services are legal.

Senator WEICKER. Did you consult with your Washington office when you received the request from Mr. Stans?

Mr. ATKINS. No, sir.

Senator WEICKER. I have no further questions, Mr. Chairman.

Senator INOUE. Mr. Atkins, you described your relationship with Mr. Stans as casual at best?

Mr. ATKINS. Yes, sir.

Senator INOUE. Did Mr. Stans have any reason to believe that you could personally afford a contribution of \$100,000?

Mr. ATKINS. No, sir.

Senator INOUE. What denominations did these contributions come in?

Mr. ATKINS. I am not positive, but I suspect they were in \$100 bills.

Senator INOUE. In your conversation, your short conversation with Mr. Stans, was \$100,000 the first and only amount mentioned?

Mr. ATKINS. I believe so.

Senator INOUE. Did Mr. Stans say that your company is assessed \$100,000?

Mr. ATKINS. Well, I don't think that word was used, but that was the amount mentioned.

Senator INOUE. And did you try to resist this?

Mr. ATKINS. Well, as I indicated, I guess my objective was to get off the phone and think about it. I just listened and told him we would think about it and terminated the conversation.

Senator INOUE. Before the delivery by Mr. Webb of this packaged sum, did someone communicate with Mr. Stans to advise him of the delivery?

Mr. ATKINS. I suspect, and I guess my recollection is that Mr. Webb called and made an appointment to see Mr. Stans.

Senator INOUE. So Mr. Stans was aware of what was in the package?

Mr. ATKINS. Yes, sir.

Senator INOUE. Did Mr. Stans call you later to thank you?

Mr. ATKINS. No, sir.

Senator INOUE. Did you receive a letter of acknowledgment or a thank you letter?

Mr. ATKINS. No, sir.

Senator INOUE. Did your company receive a letter of acknowledgment or a thank you letter?

Mr. ATKINS. Not to my knowledge.

Senator INOUE. The first letter received by the campaign committee was for this reconstruction of the donors list?

Mr. ATKINS. Yes, sir. It wasn't a letter, it was a——

Senator INOUE. Was it your understanding that this gift would be unreported?

Mr. ATKINS. Yes, sir.

Senator INOUE. I thank you very much. I wish to join the chairman in commending you for your assistance.

Mr. ATKINS. I appreciate the opportunity.

Senator INOUE. I appreciate it very much, sir. Thank you.

Counsel will call the next witness.

Mr. DASH. Mr. Claude C. Wild, Jr.

Senator INOUE. Mr. Wild, will you rise and raise your right hand, please, sir?

Do you swear that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILD. I do.

Senator INOUE. Thank you, sir.

Mr. DASH. Mr. Chairman, David Dorsen, assistant chief counsel, will begin the questioning.

Mr. DORSEN. Mr. Wild, would you give your full name for the record, please?

TESTIMONY OF CLAUDE C. WILD, JR., ACCOMPANIED BY LEO T. KISSAM, COUNSEL

Mr. WILD. My name is Claude Wild, Jr. My middle initial is C.

Mr. DORSEN. I see that you are represented by counsel. Will counsel please identify himself?

Mr. KISSAM. My name is Leo T. Kissam, New York City.

Mr. DORSEN. Mr. Wild, what is your present position?

Mr. WILD. I am vice president for Government relations of the Gulf Oil Corp.

Mr. DORSEN. How long have you held that position?

Mr. WILD. I have held that position—I have been vice president since July of 1968, and before that, I headed the office with the title of director of Government relations since 1963.

Senator INOUE. Mr. Wild, would you mind if we take a short recess to take a vote, sir?

Mr. WILD. Please do.

[Recess.]

Senator ERVIN. The committee will resume. Counsel may resume interrogation of the witness.

Mr. DORSEN. Mr. Wild, just before the recess for a vote you were telling us what your position is with the company, what is it now?

Mr. WILD. I am vice president for Government relations for the Gulf Oil Corp.

Mr. DORSEN. What are your duties and what were your duties in 1971 and 1972?

Mr. WILD. They were the same then as they are now. I am in charge of the rather substantial governmental relations department. I basically watch and monitor governmental actions, interpret those actions to my executives around the country, particularly in the headquarters of Pittsburgh. To the contrary I interpret views and thoughts of my company to various officials in the Government, whether they be in the executive or legislative branch.

Mr. DORSEN. Could you please give the committee some idea as to the size and business operations of your company?

Mr. WILD. Size and business operations of the company, the company last year had approximately \$9 billion in revenue. Our profits were approximately \$435 million after—or before an extraordinary writeoff of \$250 million. The size of my department is, if you are interested in that, I have about 43 or 44 employees depending on how many secretaries I have at the time, and I have four regional vice presidents working for me. We service the corporate headquarters in Pittsburgh. We inform all the other subsidiaries of the company of governmental actions, legislative actions, anything that involves—the Government is in all of our businesses in a big way, as you know, and it is important for us to know what is going on in Government and just

keeping up with it is one hell of a task. I have a budget of over \$2.2 million, so I have a sizable operation. I report directly to the chief at this point in time, in 1971 and 1972 I reported directly to the chief executive officer of the corporation.

Mr. DORSEN. Did there come a time, Mr. Wild, during the 1972 Presidential campaign when you were solicited for a campaign contribution?

Mr. WILD. You said 1972?

Mr. DORSEN. In that campaign. Well, let's start, were you solicited in 1971 for a campaign contribution?

Mr. WILD. I think it would be better to take it in that order. Yes, in 1971, and my memory of dates is not as precise as one or two of your earlier witnesses have been, but in early January or February, a Mr. Lee Nunn came to my office or visited and informed me that there was being set up a Committee To Re-Elect the President and that they would handle the campaign outside of the normal Republican channel which he meant the Republican National Committee, and Mr. Nunn was hopeful that I could arrange to get \$100,000 in their hands one way or the other. He suggested if I wanted some verification of his legitimacy of his role in the operation because this was a new role for him—he had been up here, as you know, with the Republican Senatorial Campaign Committee for any number of years, and Mr. Nunn suggested that if I wanted verification for his participation in this role, that he suggested that I contact Mr. Mitchell because he was going to be active in the strategy part of the campaign and Mr. Stans was going to handle the finances.

Mr. DORSEN. How long had you known Mr. Nunn?

Mr. WILD. Well, I knew Mr. Nunn when he was working for Senator Thruston Morton and since that time. I don't know how long ago that was. That was 6, 8 or 10 years ago.

Mr. DORSEN. Did you make any effort to corroborate what Mr. Nunn told you about his role in the campaign?

Mr. WILD. Yes, I did, because I was rather curious, this was early 1971, the campaign—well, firstly, I had never heard of the Committee To Re-Elect the President. This was something new, as far as I was concerned, and I have been in Washington a long time, and normally the Democratic and Republican committees handle these things. Within a period of time, another friend of mine also had been approached by Mr. Nunn and he also was curious, and it was also suggested to him that we check this out with the Attorney General, Mr. Mitchell. So, we made the appointment. We did visit with Mr. Mitchell in his office at the Justice Department.

Mr. DORSEN. Who was your friend that you referred to, Mr. Wild?

Mr. WILD. His name is Jack Mills. He is with the Tobacco Institute, I have known him for 10 years, I suppose, both as business friends and personal friends.

Mr. DORSEN. Who made the appointment with Mr. Mitchell?

Mr. WILD. Mr. Mills did because I did not know Mr. Mitchell sufficiently well to get an appointment.

Mr. DORSEN. Did you, in fact, meet with Mr. Mitchell?

Mr. WILD. I, in fact, did. Mr. Mills and I both met with Mr. Mitchell at the same time.

Mr. DORSEN. This was when he was the Attorney General of the United States, is that correct?

Mr. WILD. That is correct.

Mr. DORSEN. And in the meeting in the Justice Department with Mr. Mitchell, what occurred at that time?

Mr. WILD. Mr. Mitchell indicated that this was an operation such as the Committee To Re-Elect the President, that Mr. Nunn was going to participate in that, that he had full confidence in Mr. Nunn, and that is about it.

Mr. DORSEN. Was there any mention of campaign solicitation specifically or campaign contributions specifically?

Mr. WILD. No, there was never mention of any campaign contributions or expressions of desire to be helpful.

Mr. DORSEN. Thereafter, did you make a contribution to the President's reelection effort?

Mr. WILD. After thinking the matter over, it was my mistaken judgment, in hindsight, it was a mistake, but my judgment then was that this is something I had better do, and so I did. I didn't give him \$100,000; I gave him \$50,000.

Mr. DORSEN. Was this a decision that you arrived at by yourself?

Mr. WILD. Completely.

Mr. DORSEN. And did you speak to any other persons in the company before reaching the conclusion that you wanted to make a contribution of \$50,000?

Mr. WILD. No, sir.

Mr. DORSEN. And when you made this decision, what did you do?

Mr. WILD. Well, I had to find a place for the money—where the money was. So I called the controller of one of our companies in the Bahamas and told him I needed \$50,000, and he brought it to me.

Mr. DORSEN. What is his name?

Mr. WILD. His name is Mr. William Viglia.

Mr. DORSEN. What was the name of the company of which he was the controller?

Mr. WILD. I think he is the controller of a number of companies down there, but this particular company was the Bahamas Exploration, Ltd., I believe.

Mr. DORSEN. Is that a subsidiary of Gulf Oil?

Mr. WILD. It is a wholly owned foreign subsidiary.

Mr. DORSEN. Is that company still in existence?

Mr. WILD. No, sir; that company was liquidated sometime last year.

Mr. DORSEN. What was the business of that company?

Mr. WILD. Well, we had exploration activities going on in the Caribbean area, separately and jointly with other companies, and it was my understanding this was its primary purpose. We were unsuccessful in finding oil down there, and it was liquidated.

Mr. DORSEN. How many subsidiaries, approximately, does Gulf Oil Corp. have?

Mr. WILD. Well, I am not really the person to ask, but it is between 300 and 400, probably closer to 400.

Mr. DORSEN. Do you know how Mr. Viglia recorded the withdrawal of the money on the books and records of the Bahamas Exploration Co.?

Mr. WILD. It is my understanding that it was charged to miscellaneous expense account.

Mr. DORSEN. Did there come a time when Mr. Viglia brought you \$50,000?

Mr. WILD. Yes, sir.

Mr. DORSEN. In what form was the \$50,000?

Mr. WILD. It was in cash.

Mr. DORSEN. Do you know or recall when he brought you that money?

Mr. WILD. I cannot recall the precise date. It was sometime after I had met with Mr. Mitchell; I would say April or May of 1971.

Mr. DORSEN. What did you do with the money?

Mr. WILD. Well, I believe Mr. Nunn ultimately came to my office and got it.

Mr. DORSEN. Was there any conversation at this time?

Mr. WILD. Well, he said thank you. I do not know whether he was really expecting \$100,000 or not, but he is probably a good poker player and figured if he could not get all, he would get half and probably be satisfied with it. I had a little intuition in the back of my mind that I might see him again.

Mr. DORSEN. This was in 1971; is that correct?

Mr. WILD. That is correct.

Mr. DORSEN. More than a year before the election?

Mr. WILD. That is correct.

Mr. DORSEN. Were you contacted again?

Mr. WILD. Yes, sir.

Mr. DORSEN. When and by whom?

Mr. WILD. Mr. Nunn in 19—I guess it was January of 1972.

Mr. DORSEN. Where was that and what occurred?

Mr. WILD. Well, I think he came to my office again and indicated that this would be a very expensive campaign and that they wanted more money and he would like another \$50,000, making a total of \$100,000, the implication being to me, and I cannot remember whether he made that exact statement or not, but the implication was that this was kind of a quota that they were expecting from large corporations.

Mr. DORSEN. What was the result of that meeting?

Mr. WILD. Well, he suggested that I might like to visit with Mr. Stans about this, which I did. He set the appointment up. This was—not my records but their records indicated that it was the 4th of February, which was after—probably while Mr. Stans was still Secretary of Commerce, but after he had announced he was going to resign. I met with him for about 15 minutes.

Mr. DORSEN. What occurred at this meeting? First of all, who was present?

Mr. WILD. Just Mr. Stans and myself.

Mr. DORSEN. And what was said?

Mr. WILD. Well, he indicated that he was hopeful of obtaining \$100,000 from the large American corporations. Ours being one of the top 10, he hoped that we would participate. He knew of the previous \$50,000, and he said he would like \$50,000.

Mr. DORSEN. What did you tell Mr. Stans?

Mr. WILD. Well, I told him I would see about it.

Mr. DORSEN. What did you do after that?

Mr. WILD. I contemplated it a little further, and I guess I made another mistake and said, "All right, I will do it." So I called Mr.

Viglia again and got the money, delivered it personally to Mr. Stans. By that time, he had moved to his office in the Committee To Re-Elect the President.

Mr. DORSEN. Did you deliver the money to Mr. Stans?

Mr. WILD. I did, in person.

Mr. DORSEN. Is it your understanding that the money was generated the same way by Mr. Viglia?

Mr. WILD. That is my understanding.

Mr. DORSEN. Did you make any contributions to any campaigns for Democratic candidates for the nomination of the President during the 1972 campaign?

Mr. WILD. I thought you would never ask. [Laughter.] Yes, I did.

Mr. DORSEN. Would you please describe what contacts you had with representatives of Democratic candidates themselves?

Mr. WILD. All right, sir. As I recall the time frame, it was in early January, could have been February of 1972, I was contacted by Mr. William Brawley, Bill Brawley, who is on the staff of Senator Jackson. He called me two or three times. My intuition told me what he was calling about. Finally, I agreed to meet with—he wanted to arrange a meeting with me with Senator Jackson. Subsequently, that meeting did take place. I met with Senator Jackson and his assistant, Sterling Monro.

At that time, Senator Jackson indicated that he was having a difficult time raising money, and this was well documented, at least by the press, and he was hopeful that I would be helpful. I told him I would see what I could do.

What I did was arrange, through the same sources, to get \$10,000 and delivered it to Sterling Monro. That is the last I saw of Senator Jackson or Sterling Monro.

Mr. DORSEN. Is it your testimony that Mr. Brawley called you and contacted you for the contribution?

Mr. WILD. That is my testimony.

Mr. DORSEN. And is it your testimony that the subject of money was discussed at the meeting that you just described?

Mr. WILD. No specific sum, but when you say, "a politician says to someone, I hope you will be helpful," you kind of understand what that means.

Mr. DORSEN. But no sum was discussed at that meeting?

Mr. WILD. No sum was discussed.

Mr. DORSEN. Were you solicited and did you make a contribution to any other candidate for the Democratic nomination for President in the 1972 campaign?

Mr. WILD. Yes, sir.

Mr. DORSEN. How did that come about?

Mr. WILD. Well, I have a very close friend who is from my town and used to work for the Petroleum Institute. I know him to be a very close friend of Wilbur Mills. I trust him implicitly. He is now on a consulting basis and I do not know, really, who his clients are, but he is a friend of Congressman Mills. Again, I guess when you are not President, you have a little more trouble raising money than you do if you are President. So Mr. Mills was having a little difficulty. This was about the time of the New Hampshire primary.

Again, I contemplated the matter and subsequently arranged to give \$15,000 to Mr. Arnold. I assume he passed it on to the committee who was handling Mr. Mills' campaign.

Mr. DORSEN. Where was the money transferred to Mr. Arnold?

Mr. WILD. I imagine, as I remember, it was in my office or his office. They were right across the street from each other.

Mr. DORSEN. This money was generated in the same way by Mr. Viglia?

Mr. WILD. That is correct.

Mr. DORSEN. In connection with any of the contributions you have described, did you speak with anyone else at the corporation during the period of time when you were contemplating making the contribution or when you in fact made the contribution?

Mr. WILD. No, sir, I did not. I felt like that was my full responsibility, that I had the authority. It may sound unusual, but in my understanding, I did have authority, broad authority, to handle governmental matters.

Mr. DORSEN. During 1972, did you tell anyone in the company that you had made the contribution or allude to making the contribution in any way?

Mr. WILD. Not until sometime after the contributions were made. It so happened that in July, the Gulf board of directors had a meeting at Reston, which we own, as you know, out here in the suburbs of Washington. I was playing gin rummy and, I don't know, I guess the general subject of politics was being discussed and talked about. I knew that Mr. Stans and others were going around the country asking for substantial contributions, and I happened to mention just—the conversation didn't last over one sentence, I believe—to one of our executive vice presidents that if we were approached, approached in Pittsburgh or anywhere else that we may have an office, that we should just ignore it because I felt that we had done about all that was called for.

Mr. DORSEN. Who was the individual to whom you spoke?

Mr. WILD. His name was Mr. Henry, W. L. Henry. He was one of our executive vice presidents.

Mr. DORSEN. During 1973, were you advised of the fact that the contribution might be made public?

Mr. WILD. Yes, sir.

Mr. DORSEN. How did that come about?

Mr. WILD. Well, let me see here. Sometime in the spring of 1973, I received a call from Mr. Nunn asking me, saying he would buy my lunch at the Mayflower. I accepted. We had a nice luncheon at the Mayflower and talked about a lot of pleasantries and unpleasanties and so on and so forth. He finally got around to, I guess, the reason for his luncheon invitation was to express to me the feeling that the Committee To Re-Elect, or at least the finance committee, was under substantial pressure from either Common Cause or Ralph Nader or the press or whatever, to make disclosures of pre-April 7 contributions. As I remember, he said that I should be prepared to give names.

Three or four weeks later—I thought about this. I really didn't know what to do. I didn't discuss it with anyone. I thought a little bit about it at night while you are supposed to be sleeping, but I didn't.

Then Secretary Stans called me and wanted to know how the \$100,000 contribution should be—he expressed again a concern at this matter, he regretted it very much because these contributions were supposed to be made where no disclosure would be made. He was very apologetic and so forth. But at the same time, he said, it looks like we are going to have to make a listing of these contributions made prior to April 7. He asked me how I wanted it listed.

I told him that, well, I didn't have any names to give him, so I said Claude Wild & Associates.

All right, that was the conversation and he apparently either forgot it or thought that was not sufficient or maybe he was thinking of my own protection, probably was. He didn't think that would float very good in the newspapers or anywhere else. So he called me again at home and asked me the same question. I gave him the same answer, Claude Wild & Associates.

Mr. DORSEN. Were you thereafter contacted with respect to this information again?

Mr. WILD. The next contact I had was in a letter dated July 9, 1973, from Mr. Kenneth Parkinson, who was the counsel for the finance committee, asking me to verify the fact that \$100,000 contribution had been made and the proper showing on their listing should be employees of Gulf Oil Co., Mr. and Mrs. Claude Wild. It was at that point that I thought things were sufficiently of a serious nature that I arranged a meeting with the chairman of the Gulf Oil Co., Mr. Dorsey, and discussed this matter.

Then we obtained counsel in a short period of time, made a disclosure, voluntary disclosure, to the then Cox committee, and requested our money back from the Committee To Re-Elect the President, which we did obtain.

Mr. DORSEN. Mr. Wild, you have in front of you a letter, dated July 9, 1973 [exhibit No. 273-1], from Mr. Parkinson to you, a letter also dated July 26, 1973 [exhibit No. 273-2], from your attorney to Mr. Parkinson, and a letter dated July 26, 1973, from Mr. Paul E. Barrick [exhibit No. 273-3], treasurer, to your attorneys. Are those the letters to which you referred in your testimony?

Mr. WILD. Yes; the one I have is the one of July 9 and counsel wrote, was in contact with the other attorneys.

Mr. DORSEN. On August 10, 1973, did the Gulf Oil Corp. make a public announcement of its contribution [exhibit No. 273-4]?

Mr. WILD. That is the date of the press release; yes.

Mr. DORSEN. Do you have a copy of that press release in front of you?

Mr. WILD. Yes, sir, I do.

Mr. DORSEN. Mr. Chairman, I have no further questions at this time.

Senator ERVIN. Do you want the papers, the letters, put in the record?

Mr. DORSEN. Yes; I think I would.

Senator ERVIN. Let the record show the documents identified by the witness are received in evidence and will be appropriately marked as exhibits by the reporter.

[The documents referred to were marked exhibits Nos. 273-1 through 273-4.*]

*See pp. 5803-5808.

Senator ERVIN. Mr. Schultz.

Mr. SCHULTZ. Thank you, Mr. Chairman.

Mr. Wild, in your discussion with Mr. Nunn in February of 1971, did he ask you for cash?

Mr. WILD. No.

Mr. SCHULTZ. In the course of the solicitation of the \$100,000 contribution?

Mr. WILD. No; he did not ask for cash.

Mr. SCHULTZ. In your subsequent conversation with Mr. Mitchell, was the sum of \$100,000 ever mentioned?

Mr. WILD. I never discussed money with Mr. Mitchell.

Mr. SCHULTZ. So then, we might infer from that that cash was not mentioned either?

Mr. WILD. That is correct.

Mr. SCHULTZ. Did Mr. Nunn or Mr. Stans, in your subsequent meetings, ever ask for cash?

Mr. WILD. No, sir.

Mr. SCHULTZ. Was there any conversation in any of your meetings with regard to your contribution in connection with the disclosure mentioned at all? I am talking about the solicitation conversations now.

Mr. KISSAM. I am not sure he understands the question.

Mr. WILD. Are you asking me, did anyone who solicited me say there would be no disclosure of these contributions? Is that your question?

Mr. SCHULTZ. Yes. Was there any discussion of whether or not the identity of the individual who furnished the money would be disclosed to the public or in any public record?

Mr. KISSAM. Were there any such discussions?

Mr. SCHULTZ. Yes.

Mr. WILD. Yes; I understand the question. Well, in one way or another it was inferred that these contributions were—it was very important to get them in before April 7, the day when the disclosure law became effective. That is basically the extent of it. I do not think there was any desire on the part of Mr. Stans or Mr. Nunn to really hide these things, but there was a great push to get this money in before April 7. So I would deduce there was some desire on the part of Mr. Stans to—disclosure bothers a lot of people, and I think he for one reason, not the reason that most people think, people just do not like to read their names in the paper. They become, some of them, fearful of robbery and just their own personal business and, therefore, disclosure is offensive to some people. I think, perhaps one reason Mr. Stans thought it would be easier to raise the money prior to April 7, when, under the law then existing, disclosure was not necessary to the detail that it is today.

Mr. SCHULTZ. I understand the significance of April 7, but I was just wondering whether there was any conversation concerning disclosure prior to that time or whether any representation had been made to you that there would be no disclosure.

Mr. WILD. I truthfully cannot remember on that score.

Mr. SCHULTZ. Was the possibility of disclosure discussed in your contributions to Senator Jackson and Congressman Mills or their representatives?

Mr. WILD. The subject was never discussed. This was all pre-April 7 and they were operating under the rules like everyone else was.

Mr. SCHULTZ. When you were solicited for a \$100,000 contribution by Mr. Nunn, was there any discussion in this request of the moneys to be contributed to come from corporate funds?

Mr. WILD. No, sir.

Mr. SCHULTZ. Was there any question in your mind as to where the money would come from?

Mr. WILD. In my mind?

Mr. SCHULTZ. Yes.

Mr. WILD. No; there was not because there was no other source available to me.

Mr. SCHULTZ. I believe you stated that Gulf Oil does about—did \$9 billion worth of business last year and you yourself have a \$2.2 million budget. Could you tell me, for instance, a ball park figure of how many executives in Gulf Oil have incomes of over \$50,000?

Mr. KISSAM. Does this have any relevancy at all?

Mr. SCHULTZ. What I was wondering is whether it was conceivable that contributions could have been made by Gulf Oil executives.

Mr. KISSAM. I think a lot of this information is already on file with the SEC. I have no objection to him answering the question if he has the answer.

Mr. WILD. I do not have the answer.

Mr. SCHULTZ. You do not have a ball park figure?

Mr. KISSAM. Ball park figures are pretty dangerous.

Mr. WILD. I could not guess offhand.

Mr. SCHULTZ. You do not know?

Mr. WILD. I do not know. No; I do not know.

Mr. SCHULTZ. What I am trying—

Mr. WILD. We can get that information for you and supply it for the record.

Mr. SCHULTZ. I am trying to make clear that there was no request for corporate funds by either Mr. Stans or Mr. Nunn or Mr. Arnold or Mr. Brawley.

Mr. WILD. That is correct. There was never any mention of that by any party.

Mr. SCHULTZ. Was there any request for cash by Mr. Brawley?

Mr. WILD. No, sir.

Mr. SCHULTZ. Was there a request for cash by Mr. Arnold?

Mr. WILD. No, sir.

Mr. SCHULTZ. Would it be a fair statement to say that with the understanding of the usual pressures that an individual feels, when he is being solicited for anything, that the contributions that were requested by Mr. Brawley and Mr. Arnold and Mr. Stans bore no unusual significance related to each other except for the size of the amount of money involved?

Mr. WILD. Well, any time, anybody, either a person in office or his agent, solicits you for funds there is a certain amount of pressure.

Mr. SCHULTZ. I understand.

Mr. WILD. Sometimes—in the instance of the Committee To Re-Elect the President I dealt with two Cabinet officers, this was, I guess I am a weak soul, but anyway I did succumb to that, made a mistake in judgment for which I regret, shall regret.

Mr. SCHULTZ. Were any promises made to you or, were you the subject of any coercive efforts to encourage you to make this contribution?

Mr. WILD. No, sir, there was no theats or coercion.

Mr. SCHULTZ. Was the \$100,000 returned to Gulf Oil Corp. on the same day that it was requested?

Mr. WILD. It is my understanding, yes, isn't that correct?

Mr. KISSAM. Yes.

Mr. SCHULTZ. Has the \$15,000 for Mr. Mills been returned to the Gulf Oil Corp.?

Mr. WILD. No; it has not. This was just revealed in court yesterday and received fines of the corporation, as well as myself, and met with your staff yesterday afternoon, we really haven't had time to get into that matter.

Mr. SCHULTZ. Thank you. I have no further questions, Mr. Chairman.

Senator ERVIN. Mr. Wild, why didn't Gulf Corp. or its subsidiaries make these contributions by check?

Mr. WILD. Well, since they were contributions by the corporation and since knowing this was an improper contribution, I guess I did not want to stir the water, so to speak, and I thought the Bahamas was discreet and, well, it was close.

Senator ERVIN. Did this corporation—did the subsidiary operate only in the Bahamas?

Mr. WILD. I think that is correct.

Senator ERVIN. Well now, isn't it a fact, to make it very explicit, that the contributions were made in cash rather than by check because the contributions were known to be illegal?

Mr. WILD. [Conferring with counsel.]

Mr. KISSAM. Senator, Gulf Oil has already admitted these contributions were illegal. It is not in dispute.

Senator ERVIN. I just wanted to go over it again.

Mr. KISSAM. Do you think it will aid it any?

Senator ERVIN. I think so, because we are conducting senatorial hearings.

Mr. KISSAM. Gulf Oil has conceded and will concede again, that the contribution violated the law.

Senator ERVIN. Well, does it concede that was the reason it was made by cash rather than by check?

Mr. KISSAM. Well—

Senator ERVIN. And that the reason a subsidiary recorded that as miscellaneous expenses was for the purpose of concealing the fact that the illegal contribution had been made?

Mr. KISSAM. I think you have to conclude that the contributions were made in a manner not to attract public attention. [Laughter.]

Senator ERVIN. Well, does anybody take issue with the fact that I infer that when they were made in that manner, they were made in order that they might be concealed from the public and also law enforcement officers and the Internal Revenue Service?

Mr. KISSAM. No, the Internal Revenue wasn't involved.

Senator ERVIN. Yes. I think it was the Bahamas Corp., a wholly owned subsidiary of Gulf.

Mr. WILD. A wholly owned foreign subsidiary.

Senator ERVIN. Wholly owned or not?

Mr. WILD. Wholly owned foreign subsidiary, that is not included in our consolidated return. The information about the contributions was given to the Internal Revenue Service the same day it was given to the Cox committee.

Senator ERVIN. The first person who approached you asking for a contribution was Mr. Lee Nunn of the Committee To Re-Elect the President.

Mr. WILD. That is correct.

Senator ERVIN. And he talked to you about making a contribution, and before you made the contribution he arranged a meeting with you and himself with Mr. Mitchell?

Mr. WILD. No, sir. No, sir, that is not correct. He did not arrange the meeting. He suggested a meeting. The meeting was arranged by Jack Mills.

Senator ERVIN. Well, anyway, before the contribution was made you and Mr. Nunn met with Mr. Mitchell?

Mr. WILD. No, Mr. Nunn did not meet with Mr. Mitchell and myself.

Senator ERVIN. It was just you and Mr. Mitchell?

Mr. WILD. Mr. Mills, Mr. Mitchell, and myself.

Senator ERVIN. This meeting was held in the office of Mr. Mitchell as Attorney General in the Department of Justice.

Mr. WILD. That is correct.

Senator ERVIN. And Mr. Mitchell did leave you with the decided impression by what he said, that he was trying to assist in raising campaign funds for the Committee To Re-Elect the President?

Mr. WILD. I can't say that anything he said would infer that; no, sir. He established the legitimacy of Mr. Nunn's activity with the Committee To Re-Elect the President, and he established the fact that there was a Committee To Re-Elect the President.

Senator ERVIN. Well, didn't he also make it clear to you that he knew that Mr. Nunn had solicited a campaign contribution from you?

Mr. WILD. No, sir; he didn't make it known to me in that conversation with him. We never talked about money.

Senator ERVIN. Well, can you explain how the written summary that the staff prepared, stated that Mitchell knew Wild had been solicited by Nunn?

Mr. KISSAM. Senator, I don't think Mr. Wild can take responsibility for—

Senator ERVIN. Well, I agree with you, but did Mr. Mitchell say to you he didn't want any campaign contribution from Gulf or you?

Mr. WILD. You know he didn't say that, Senator.

Senator ERVIN. I am just trying to find out what he did say. He told you that you could deal with Mr. Nunn as an authorized representative of CREP?

Mr. WILD. That is correct.

Senator ERVIN. Yes. And this occurred in—

Mr. WILD. I don't know that he used the word "deal." He said that you can work with Mr. Nunn.

Senator ERVIN. Work with Mr. Nunn.

Mr. WILD. And that he had his complete confidence.

Senator ERVIN. And did Mr. Mitchell tell you that he, Mr. Mitchell, was or was to become the director of the Committee To Re-Elect the President?

Mr. WILD. I think Mr. Nunn told me that. I don't think Mr. Mitchell told me that.

Senator ERVIN. Well, anyway, this meeting occurred in the office of the Attorney General of the United States?

Mr. WILD. That is correct.

Senator ERVIN. Yes, sir. You said you decided it would be in the best interests of Gulf to comply with the request made by Mr. Nunn after being requested to make a contribution. How did you figure that?

Mr. WILD. That was the decision I arrived at.

Senator ERVIN. Yes. How did you figure that the best interests of Gulf would be promoted by making a contribution?

Mr. WILD. Well, Senator, you have to make decisions in the context of the situation that existed at the time. I arrived at the decision that if we were going to be treated in an equal way, I knew other corporations were going to—a big effort was going to be made, and if there was not some participation on my part or our part, we may be, you know—whether you call it a blacklist or bottom of the totem pole, I would just like to answer my telephone calls once in a while and that may not happen sometimes.

Senator ERVIN. Well, the fact is the Attorney General of the United States has jurisdiction over all corporate mergers, for example, does he not?

Mr. WILD. He does. So does the Securities Exchange Commission.

Senator ERVIN. And Gulf, you can correct me if I am wrong, has a good many mergers from time to time.

Mr. WILD. We have nothing pending, no merger pending, none pending at that time.

Senator ERVIN. None pending at that time?

Mr. WILD. None at that time, and none since.

Senator ERVIN. And also, the Attorney General has jurisdiction over antitrust suits and many other matters that affect business, does he not?

Mr. WILD. Senator, he does, and there are 61 agencies of Government that have something to do with the energy business in this country in this Government. Everybody in Government has something to do with your business, unfortunately.

Senator ERVIN. I agree. That is the reason I am opposed to so much Government regulation.

Mr. WILD. So am I.

Senator ERVIN. The Secretary of Commerce has a lot of things to do with business, does he not?

Mr. WILD. Yes, he does.

Senator ERVIN. In fact, in oil import quotas, he has quite a voice in the question of whether oil quotas will be increased or lowered or abolished, does he not?

Mr. WILD. Well, mostly that was, as you know, there was a great concentration of power inside the White House. Most of the big decisions, I think, were made there.

Senator ERVIN. And you felt that the interests of Gulf would be promoted, because it would be naturally a good thing for any busi-

ness to have the goodwill of people who exercise a great deal of power and touch their lives at so many points.

Mr. WILD. That is right. I did not think that we wanted to be discriminated against.

Senator ERVIN. And you did not feel you could just rely solely upon the assumption that Government would deal with you fairly and justly, regardless of whether you made contributions to a particular political party?

Mr. KISSAM. That is a pretty tough question, Senator.

Mr. WILD. I am not going to say that you cannot be dealt with fairly by the Government, certainly not, Senator.

Senator ERVIN. I notice that you made contributions to candidates on both sides, to two candidates on the Democratic side.

Mr. WILD. What was it the judge said yesterday, that we were impartial?

Senator ERVIN. Impartial in varying degrees.

Mr. WILD. The Republicans always cost you twice as much as the Democrats. They ask for twice as much.

Senator ERVIN. Was that because the demands of the Democrats were more moderate than those of fundraisers for CREP?

Mr. WILD. I do not think there is any correlation.

Senator ERVIN. Well, anyway, at the time you made this contribution, the first contribution of \$50,000, which you obtained in cash from the subsidiary, it was delivered to Mr. Nunn?

Mr. WILD. I am sorry, sir, were you asking a question or making a statement? I did not understand it.

Senator ERVIN. You made a \$50,000 contribution in the spring of 1971 to Mr. Nunn, in cash?

Mr. WILD. That is right.

Senator ERVIN. I am told there is a vote on the conference report on emergency petroleum allocation.

Mr. WILD. By all means, go and vote on it.

Senator ERVIN. We will stand in recess until we get back.

[Recess.]

Senator ERVIN. Mr. Wild, I assume that you and your lawyer would rather finish this and not have a recess for lunch?

Mr. WILD. Absolutely, if it is all right with you.

Senator ERVIN. Who suggested the amount of the first \$50,000 contribution?

Mr. WILD. Who suggested it?

Senator ERVIN. Yes, was it suggested by Mr. Nunn?

Mr. WILD. Yes, sir.

Senator ERVIN. Then later, you had a conversation—

Mr. KISSAM. Excuse me, Senator. I don't think Mr. Wild understood you. You asked who suggested the first \$50,000?

Senator ERVIN. No, I mean the amount of it.

Mr. KISSAM. His testimony is he was asked for \$100,000. He decided it.

Senator ERVIN. Yes. First you were asked for \$100,000?

Mr. WILD. Yes.

Senator ERVIN. And you gave \$50,000. Did Mr. Nunn complain about the size of it or not?

Mr. WILD. As I indicated, I think you were out of the room earlier, Senator, no, he didn't complain about it. He probably was a good poker player and figured if he got half of what he asked for, he was doing all right.

Senator ERVIN. But then a little later, you had a meeting with Mr. Stans and Mr. Stans asked for another \$50,000.

Mr. WILD. Another \$50,000, that is right, to make a total of \$100,000.

Senator ERVIN. Did Mr. Stans say that as chairman of the Finance Committee To Re-Elect the President, he was seeking large contributions from a number of American corporations or industries?

Mr. WILD. Yes. He indicated to me that he was hopeful that large American corporations—he didn't specify any particular number or who they might be, but that they should participate to the extent of \$100,000 apiece.

Senator ERVIN. Then it was at this meeting with Mr. Stans that you decided that there should be another \$50,000 contribution made, making a total of \$100,000, which was the original demand of Mr. Nunn.

Mr. WILD. That is correct. I didn't decide it that particular day, but I contemplated it a while.

Senator ERVIN. You had this conversation with Mr. Stans while he was still Secretary of Commerce, didn't you?

Mr. WILD. He was. He had already announced that he was going to resign.

Senator ERVIN. But he was still in office?

Mr. WILD. He was still in office. I met him in his office at the Department of Commerce.

Senator ERVIN. Then later, you were called twice by Mr. Stans and he spoke of some suit that had been brought by Common Cause or some other organization.

Mr. WILD. I don't know whether it was Common Cause or the Democratic National Committee or who, but the resulting pressure was so great that they would have to release the names of the contributors, I will put it that way.

Senator ERVIN. So he asked you how the names of the contributors should be listed?

Mr. WILD. How—well, I think the phrase he used was how the contributions should be listed.

Senator ERVIN. Didn't it strike you as sort of funny that they didn't have a listing before that time?

Mr. WILD. Well, he never asked for a listing. This was pre-April 7 and there was not to be any requirement. They were operating under those rules at that time. He never, I guess it never entered his mind or he never asked for it.

Senator ERVIN. Would it not be rather queer for an accountant by profession not to make a record of where two \$50,000 contributions came from?

Mr. WILD. Well, that is trying to read his mind, Senator, and I am not able to do that.

Senator ERVIN. Well, you were asked some questions by minority counsel about where the expected contributions of this size come from. Isn't it a fact that a corporate executive would have to receive a tre-

mendous salary in view of our present tax laws, to make a contribution of \$50,000 or \$100,000?

Mr. WILD. Yes, sir; I would say so.

Senator ERVIN. If my recollection serves me right, I believe that along about 54 percent—that along about when a man reaches the income of \$50,000, the Federal Government alone takes something like 53 percent of it and when it gets to \$64,000, they start taking 55 percent, and when he lives in a State that also has a State income tax, why, by the time the tax gatherers get through with him, he hasn't got much left. That is true in the great majority—

Mr. WILD. That is so in my case, Senator.

Senator ERVIN. So any man who goes out and seeks a \$50,000 or \$100,000 contribution, if he does not expect those to come from corporate funds as against individual funds, in every instance, he ought to win an award for simpleness; ought he not?

Mr. WILD. That is your statement, Senator, not mine.

Senator ERVIN. Mr. Wild, don't you think it is very unfortunate that we have so much regulation of business in America that business necessarily is susceptible of being coerced by people in authority to make a campaign contribution which, if left to themselves, they certainly would not make?

Mr. WILD. I could not have said it better.

Senator ERVIN. Don't you agree that Congress should give serious consideration to making it a criminal offense for any official clothed with great governmental power to solicit or receive a campaign contribution?

Mr. WILD. Senator, I don't think I would be prepared to go quite that far. There is certainly the right of an individual to do what he pleases with his money.

Senator ERVIN. I agree with you on that. But this is a different question, I think. Here, for example, is an Attorney General of the United States who has so much power and in large part, discretionary power over American business—

Mr. WILD. That is right.

Senator ERVIN. And likewise the Secretary of Commerce, which in many cases is discretionary in nature, that when he requests a campaign fund, it is almost a coercive practice, isn't it? It is quite close to it, isn't it?

Mr. WILD. Well, that is the way it came through my brain, anyway.

Senator ERVIN. That is the way it strikes me from the testimony we have received here, not only from you but from others and, therefore, while I think an American citizen has perhaps a first amendment right to try to influence public sentiment in any way within his power, I do think that the American businessmen are entitled to some protection at the hands of Government. It strikes me that one of the effective ways to do it, would be for Congress to enact a law making it a criminal offense for a man who has large discretionary governmental power to go out and solicit campaign contributions.

Mr. WILD. Well, that would limit you to those in the executive branch of Government.

Senator ERVIN. Yes, but there is already—

Mr. WILD. There is a great deal of solicitation done by the legislative branch, too.

Senator ERVIN. There is a statute already on the books that makes it a criminal offense, for me as a Senator, to go out and solicit a contribution from a Federal employee and that was put there to protect the Federal employees from demands made by Senators and Congressmen.

Mr. WILD. That is correct.

Senator ERVIN. And it seems to me we ought to have a law to protect American business and American people against demands made by people who possess and exercise great governmental power in the executive branch of Government.

Mr. WILD. I certainly think serious consideration should be given to that type of legislation.

Senator ERVIN. And the situation you described here, I think, has almost become inevitable because people have to face realities, and realities of business are pretty drastic in many ways, they are subject to so much Government regulation.

Mr. WILD. That is correct.

Senator ERVIN. That is all.

Senator Baker.

Senator BAKER. Mr. Chairman, thank you very much.

Mr. Wild, I have read the staff interview and I have listened to your testimony or to most of it this morning, and the central legislative purpose of this committee recurs in my mind as I hear your words and assess your dilemma. I suppose at some point the Congress will have to consider at length the alternative merit of a continuation of the private financing of Presidential campaigns, versus those proposals for public financing of Presidential campaigns. I will not burden you greatly with a comparative analysis of the two concepts. I would rather invite your comments on the private financing side and assume, for the sake of this interrogation, that we elect to proceed with private financing of Presidential campaigns in the future and decide to do what we can to increase its responsiveness and to improve its character.

One thought that occurs to me and I would like your comment on it, because you are familiar with the Washington scene, you have been through a difficult situation already and I think you are uniquely qualified to give is a judgment. One thing I would like to ask, is whether or not you would think there is any merit to a proposal that would bar any contribution by anyone except a person, that is a citizen, an individual. I think particularly of the existing law, of course, against contributions by corporations but there is no such law against contributions by partnerships, by associations, by trade groups, by unions. There are great numbers of aggregations of people that more often than not have a particular interest, who can and do contribute. Whether you are talking about COPE or whether you are talking about AMPAC or BIPAC, whatever you are talking about, you are talking about a contribution that may very well have a relationship to a legislative purpose and it seems to me, if you limited contributions to individuals and excluded contributions from associations or groups or aggregations of people, that you would get closer to an expression of support by the electorate. After all, associations—neither COPE nor BIPAC vote, only its members vote and obviously, we have a member here because there is a law against campaign contributions by corporations and we have dealt with the transgressions in that re-

spect. But would you care to express any view to me on whether that would be an improvement or not, assuming that we continue with the private financing of political campaigns for President?

Mr. WILD. It is a very deep subject and I personally have thought about it for some time, but I never can come to any conclusion because there are so many—it is such a confused area. If you take one action then something else happens. The AMPAC, and the BIPAC operations that you are talking about, those are contributions from individuals. I contributed to BIPAC, for instance.

Senator BAKER. So is COPE.

Mr. WILD. And COPE, that is correct. We ourselves have a good Government fund which our individuals contribute to and——

Senator BAKER. Which is recognized under the statute?

Mr. WILD. In Gulf, our Gulf employees.

Senator BAKER. Which is recognized under the statute. But you see what I am driving at.

Mr. WILD. But, you see, I don't have any firm conviction on your question, Senator. I think it is something that certainly deserves a great deal of thought and when you get into the question of limitations of amounts which is an important area, disclosure, and some people think a corporation itself, being a person in the legal light, should be permitted to—I am not saying that is my position—but I am saying there is a body of thought that a corporation within prescribed limits should be able to make a contribution as long as—and I think complete disclosure is an absolute must. I don't think anybody likes the system like it is.

Senator BAKER. A corporation doesn't vote; AMPAC, BIPAC, COPE, they don't vote. Is there some requirement in the election scheme in the United States that nonenfranchised, artificial entities, such as corporations or associations, ought to be able to contribute even though they can't participate in the elective process. I mean what is the justification for that? Shouldn't financial support be limited to the same segment, sector of the population that can give their franchise support, people who vote?

Mr. WILD. I wasn't arguing for the corporate viewpoint, Senator.

Senator BAKER. I understand, Mr. Wild. But I am——

Mr. WILD. They do pay taxes, and there is—some people think they might have a right to express their views and if they are going to be regulated by the Government as severely as they are——

Senator BAKER. What do you think about the relative merit of public versus private financing?

Mr. WILD. Well, that is a difficult question.

Senator BAKER. I am not asking you to express Gulf's opinion. I can see your lawyer——

Mr. WILD. It makes my lawyer a little nervous for me to discuss this matter.

Mr. KISSAM. It isn't a question of that, Senator. You are asking questions which many, many people wish they knew the answers. I know that one of the functions of your committee is to try to get the answers, and these are rather monumental questions and while I have great——

Senator BAKER. Well, they are monumental questions but he doesn't have to give me a monumental answer. I will take it in stride. Why don't you just tell me what you think about it?

Mr. KISSAM. I am afraid the best answer is he honestly doesn't know and if you people do know——

Senator BAKER. Well, many people don't know.

Mr. KISSAM. That is why he can't give you an answer.

Senator BAKER. But Claude Wild has been on the Washington scene for a long time, he is a lobbyist, he has known political workings in this city, he has recently gotten himself into a bind, and I can't think of a better man under more appropriate circumstances to comment from the heart on what he thinks about revising the campaign situation.

Now, Claude, if you will, which one would you rather do?

Mr. KISSAM. Do you mind if I make a minor correction?

Senator BAKER. Yes.

Mr. KISSAM. He is registered as a lobbyist but his primary function is as a vice president.

Senator BAKER. OK. All the other factors stand. Now, tell me what you think.

Mr. WILD. Well, my personal view is, Senator, that we should have a little bit of both, public as well as private financing, and I think that if you take care of the subject that Senator Ervin was driving at, public financing for a national campaign such as for the Presidency is—might be in a different character than a campaign for Senator and Congressman or Governor or whatever you may have.

Senator BAKER. But you wouldn't intermix; in your view, you wouldn't intermix public and private financing, say, in one race for President.

Mr. WILD. I don't see why it couldn't be done if there are proper limitations.

Senator BAKER. Do you think it ought to be done?

Mr. WILD. Either that or control the costs of campaigns. When it costs \$60 million to run a campaign for one party, I think that is a—that is unreasonable.

Senator BAKER. Mr. Wild, let me ask you one last and concluding question: The contributions about which you have testified were all made prior to April 7?

Mr. WILD. That is correct.

Senator BAKER. The new law went into effect, of course, on April 7.

Mr. WILD. Yes.

Senator BAKER. What is the probability that such a contribution would have been made with funds channeled through your Bahamian subsidiary more or less as you have described it to us had it been after April 7, what effect would the new campaign law have had as a deterrent on that contribution?

Mr. WILD. I don't think the legality would have changed from one to the other.

Senator BAKER. Do you think the contribution would still have been made after April 7?

Mr. KISSAM. You are asking him to speculate, of course, you appreciate that.

Senator BAKER. What I am really trying to do, of course, is to see how effective a statute might be in the judgment of this witness. I understand that he is speculating, but the committee has to speculate pretty good if we are going to come up with recommendations on what ought to be done.

Mr. WILD. I think if the time frame would have been April 7, or whenever the Watergate break-in took place, I think that might have been a significant factor as far as my own thinking would be concerned.

Senator BAKER. So you are saying so far as April 7 is concerned, that might or might not have prevented an illegal contribution, but April 7 coupled with June 21 probably would have?

Mr. WILD. Well, it would have a dampening effect on my enthusiasm, I must say that.

Senator BAKER. So, in effect, what you are telling me, Mr. Wild, is that the precedent that has been established, the problem that has been identified by newspaper and radio and television publicity and by the hearings of this committee, possibly have served as a deterrent to such contributions as well as the deterrent factor of the statute that went into effect April 7?

Mr. WILD. I think so, very clearly.

Senator BAKER. Thank you, Mr. Chairman.

Senator ERVIN. I might state in proof of that—I got a letter from my colleague, who happens to be a Republican, asking me to make a contribution to the Young Republicans because they said the Watergate thing had cut down their contributions. [Laughter.]

Senator BAKER. Did you make it, Mr. Chairman?

Senator ERVIN. No.

Senator BAKER. I commend it to you.

Senator ERVIN. Senator Montoya.

Senator MONTOYA. Mr. Wild, you mentioned that you also made contributions to campaigns of Senator Jackson and Congressman Mills.

Mr. WILD. That is correct, sir.

Senator MONTOYA. Did you make these contributions out of corporate funds?

Mr. WILD. Yes, sir.

Senator MONTOYA. What did you do with the funds that you accumulated under the Gulf Good Government Fund?

Mr. WILD. Well, prior to April 7, I sent—I do not know the figures—I think it was in the period of 1971 through April 7 of 1972, in the neighborhood of \$50,000 or \$60,000. No contributions have been made since that time.

Senator MONTOYA. Did you make any contributions to any of the Presidential candidates out of that fund?

Mr. WILD. No, sir.

Senator MONTOYA. How was the money delivered which was delivered to the Committee To Re-Elect the President?

Mr. WILD. Well, it was delivered in cash. Is that what you mean?

Senator MONTOYA. Yes. To what individuals did you deliver it?

Mr. WILD. Oh, to Mr. Nuun in one instance and to Secretary Stans in another instance; to Mr. Monro—Sterling Monro in the case of Senator Jackson, and to Carl Arnold in the case of Wilbur Mills.

Senator MONTOYA. Do I understand that you had two meetings with Mr. Stans with respect to the second \$50,000, then?

Mr. WILD. That is correct, sir.

Senator MONTOYA. The first one, when he told you that he needed another \$50,000 and that it was customary for big corporations to contribute \$100,000?

Mr. WILD. Well, he did not use the word "customary," but he was expecting \$100,000. That is what he was going to ask. Whether he would have been satisfied with something less than that, I do not know.

Senator MONTOLA. Did it not become a customary thing?

Mr. WILD. Apparently, it did; yes, sir.

Senator MONTOLA. The Gulf Corp. issued a press release on August 10, 1973.

Mr. WILD. Yes, sir.

Senator MONTOLA. I will quote from this press release as follows—third paragraph:

These contributions were made in response to persistent requests to Gulf's Washington representative, Claude C. Wild, Jr., from representatives of the Finance Committee to Re-Elect the President. The company was not seeking any special favors and did not have any corporate activity under Government scrutiny.

There was enormous pressure in the political system, and the fact that others apparently also yielded is evidence of this. This pressure was intense * * *.

Now, was Gulf Corp. correct in making this evaluation of the kind of pressure that was applied?

Mr. WILD. Well, we were talking in the release about pressure in the whole political system.

Senator MONTOLA. How would they know about the other pressures and not know about the pressure that was applied to you?

Mr. WILD. This was written after they found out about the pressures. I did not disclose any of this information to anyone prior to—

Senator MONTOLA. Well, were they not directing the context of the statement to the pressure that was applied as a basis for their corporate funds being used in the contribution? Was that not the main thrust of this release?

Mr. WILD. The first thrust of the release, I think, was that there was pressure in the system on me as a representative of the corporation.

Senator MONTOLA. Yes. Now, what kind of intense pressure was applied to you by these individuals? Let us start with Mr. Nunn, and then let us continue with Mr. Stans.

Mr. WILD. I guess the wording here, "intense pressure," is subject to various interpretations, but in my days, I considered it considerable pressure when two Cabinet officers and an agent of one of the the committees that was handling the election asking me on various occasions that I have enumerated, the times that I have enumerated, asking me for funds—that is just a little bit different than somebody collecting for the Boy Scouts.

Senator MONTOLA. In other words, having been around Washington for quite a bit, you read the message.

Mr. WILD. Well, I thought I had a message.

Senator MONTOLA. That is all, Mr. Chairman. Thank you very much.

Senator ERVIN. Any further questions of counsel?

Mr. DORSEN. I have a couple, Mr. Chairman.

Mr. Wild, you indicated that you might have made a contribution in the same form between April 7 and June 21. How would you have listed this contribution if there were going to be public disclosure?

Mr. WILD. I did not say I would have made a contribution.

Mr. DORSEN. You said you might have, I believe.

Mr. WILD. This was a discussion with Mr. Baker. I did not contemplate any—

Mr. KISSAM. I think you are incorrect in your recollection, Mr. Dorsen. I think he indicated this would be speculative, what would you do if—

Senator ERVIN. This is somewhat hypothetical, and we have enough trouble on facts without going into hypotheses.

Mr. DORSEN. Let me ask you, Mr. Wild—the contribution was listed on the records of the Committee To Re-Elect the President as from employees of Gulf Oil Corp. I understand your understanding is somewhat different than Mr. Stans, is that correct?

Mr. WILD. That is correct.

Mr. DORSEN. If someone were to come to you and say, show me how this money was generated, are you in a position to do that? Your name was listed under the phrase, "Employees of Gulf Oil Co.," rather than "Claude Wild Associates." Were you in a position to identify in any fashion the source of that \$100,000?

Mr. WILD. You mean something like in behalf of the—

Mr. DORSEN. No, I mean Common Cause, this committee, or any-body else?

Mr. KISSAM. In addition to the testimony he had already given to you?

Mr. DORSEN. No, what I am suggesting is this: The records that were about to be made public, or possibly about to be made public, indicated employees of the Gulf Oil Corp. and your name as the source of the contribution. If you were required to give more detail, how would you have gone about giving more detail?

Mr. KISSAM. This also is a highly speculative question. You mean there is a law passed and you are operating under the new law or a law about to be passed, or what?

Mr. DORSEN. I can be more specific. The objective is that if you are not in a position to answer that question following inquiries that were going to take place following the disclosure of this information, how voluntary is your disclosure?

Mr. KISSAM. I think the disclosure was complete because as soon as it became known, Gulf voluntarily came to Washington, took it up with the tax people, and admitted that the source of the funds was corporation funds. I can't conceive of any way of being more complete than that.

Mr. DORSEN. What I am suggesting is, if it had not been done that way, it might have come out in some other fashion. I do not mean to detract from Gulf Oil Corp.'s coming forward, but I am suggesting that if there was a lawsuit or any other way that Mr. Wild would be put under oath or in a deposition, he could have explained the \$100,000 contribution.

Mr. KISSAM. No matter how you go at it, it is funds of the corporation, period. It was a wholly owned subsidiary. He said that they were corporate funds. They were corporate funds, period.

Mr. DORSEN. Mr. Wild, along the lines of this organization, you are the second corporate executive who has testified concerning the foreign source of these funds. Is there a valid corporate purpose in permitting large transfers of cash from foreign subsidiaries to American companies?

Mr. KISSAM. I don't know whether he is qualified to answer that or not in the scope of his corporate responsibilities, but if he thinks he is, I have no objection.

Mr. WILD. I would think that any corporation ought to have a right to transfer large sums of money. After all, with \$9 billion of revenue and 400 subsidiaries, there are going to be a lot of transfers of funds. I don't know how on earth—I am not qualified, really, to answer this question, but I am just speculating to you that it would be impossible to prevent transactions, transfers of funds. How could a company operate?

Mr. DORSEN. What I am talking about is possible legislation requiring the reporting of transfers of currency above a certain amount. Do you think that would hamper the operations of the company for which you work?

Mr. WILD. There is already a law on the books that you cannot—I don't know that it is prohibitive, but you just have to register your money if it is over \$5,000 to bring it into the United States.

Mr. DORSEN. Do you know if this was registered?

Mr. WILD. This was all done before the law took effect.

Senator ERVIN. There is a law, as I understand it, that requires any financial institution that pays out money in cash at one time in excess of \$5,000, to list the serial number of the bills, as I understand it.

Mr. WILD. I don't know. I am not familiar with that. It could be, Senator.

Senator ERVIN. I believe that is the law. There is a little bit of law I don't know for certain.

Mr. KISSAM. You know a lot of laws.

Mr. DORSEN. Just a last question. I gather from your testimony that at the meeting with John Mitchell, there was no discussion of any possible problems of Gulf Oil Corp.; the only purpose of the meeting was, in effect, for Mr. Mitchell, Attorney General Mitchell, to vouch for Lee Nunn, is that correct, as a responsible official?

Mr. WILD. That is correct.

Mr. DORSEN. And Mr. Lee Nunn was a high official in the Finance Committee To Re-Elect the President?

Mr. WILD. That is correct.

Mr. DORSEN. I have no further questions.

Senator ERVIN. Mr. Schultz.

Mr. SCHULTZ. I have no further questions.

Senator ERVIN. Thank you, Mr. Wild.

The committee will stand in recess until 10 o'clock tomorrow morning.

[Whereupon, at 1:10 p.m., the committee recessed, to reconvene at 10 a.m., Thursday, November 15, 1973.]

THURSDAY, NOVEMBER 15, 1973

U.S. SENATE,
SELECT COMMITTEE ON
PRESIDENTIAL CAMPAIGN ACTIVITIES,
Washington, D.C.

The Select Committee met, pursuant to recess, at 10:10 a.m., in room 318, Russell Senate Office Building, Senator Sam J. Ervin, Jr. (chairman), presiding.

Present: Senators Ervin, Montoya, and Weicker.

Also present: Fred D. Thompson, minority counsel; Rufus L. Edmisten, deputy chief counsel; Arthur S. Miller, chief consultant; David M. Dorsen and James Hamilton, assistant chief counsels; Ronald D. Rotunda, Barry Schochet, W. Dennis Summers, and Alan Weitz, assistant majority counsels; Michael J. Madigan, Richard L. Schultz, and Robert Silverstein, assistant minority counsels; Jed Johnson, investigator; Lacy Presnell, assistant investigator; Pauline O. Dement, research assistant; Eiler Ravnholt, office of Senator Inouye; Bruce Jaques, Jr., office of Senator Montoya; A. Searle Field, assistant to Senator Weicker; John Walz, publications clerk.

Senator ERVIN. The committee will come to order. Counsel will call the first witness.

Mr. DORSEN. Camilo Fabrega.

Senator ERVIN. Will you stand up, please, and hold up your right hand? Do you swear that the evidence that you shall give to the Senate Select Committee on Presidential Campaign Activities shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FABREGA. I do.

Mr. DORSEN. Counsel will identify himself.

Mr. LYONS. Dennis Lyons of Arnold & Porter, Washington, D.C.

Mr. DORSEN. Mr. Chairman, Mr. Fabrega is a national and resident of Panama and is appearing voluntarily.

I would like, with the permission of the Chair, to read first a press release of Braniff Airways, Inc., in order to place Mr. Fabrega's role in the proper perspective [reading]:

Braniff Airways, Incorporated said today—

And that is August 23, 1973—

that it had made a voluntary disclosure to the Office of Special Prosecutor Archibald Cox concerning contributions made in 1972 to the Finance Committee to Re-Elect the President.

Contributions were made on two occasions to the committee totaling \$50,000. The first contribution, in the amount of \$10,000, was contributed out of the personal funds of Harding L. Lawrence, chairman of Braniff, and of another

officer of Braniff. The chairman of the committee, who received the first contribution, solicited a substantial further contribution, and in response to this solicitation, moneys were made available in the amount of \$40,000 out of corporate funds.

Certain officers of Braniff and other individuals identified themselves as donors of the \$40,000 contribution and, the spokesman for Braniff stated, these individuals reimbursed Braniff for the total amount of the contribution.

The spokesman also stated that no business deduction had been taken for the corporate payment and that the corporate payment had had no effect on Braniff's reported revenues or net income.

The spokesman also stated that a disclosure of the transaction had been made to the staff of the Civil Aeronautics Board.

Mr. Chairman, Mr. Lawrence will be a witness on another day and it is our intention now to question Mr. Fabrega concerning his knowledge of the contribution.

Mr. Fabrega, where do you live?

TESTIMONY OF CAMILO FABREGA, ACCOMPANIED BY DENNIS LYONS, COUNSEL

Mr. FABREGA. I live in Panama, sir. My position in Panama is regional vice president for Braniff. As a vice president I am responsible for the operation in that country.

Mr. DORSEN. Is this your only business in Panama?

Mr. FABREGA. At Braniff, yes, and then I had personal business.

Mr. DORSEN. What is the amount of monthly ticket sales for Braniff in Panama?

Mr. FABREGA. Amounts of about half a million dollars a month.

Mr. DORSEN. Am I correct that the U.S. currency is used in Panama?

Mr. FABREGA. Yes, we operate with paper money and we use the dollar.

Mr. DORSEN. Do you own a company called CAMFAB?

Mr. FABREGA. Yes, sir, I do.

Mr. DORSEN. What is the nature of the business of CAMFAB Co.?

Mr. FABREGA. CAMFAB is a private enterprise, family enterprise, family company, and we do business in condominiums, apartments.

Mr. DORSEN. Does that company have anything to do with Braniff?

Mr. FABREGA. No, sir, it does not.

Mr. DORSEN. Did there come a time in March of 1972 when you were contacted by a Charles South of Braniff?

Mr. FABREGA. Pardon me, sir?

Mr. DORSEN. Were you contacted by Mr. South of Braniff?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. Who is Mr. South?

Mr. FABREGA. Mr. South is the vice president in charge of Latin American Division.

Mr. DORSEN. You had a conversation with him at that time?

Mr. FABREGA. Yes, sir, I did.

Mr. DORSEN. What was that conversation?

Mr. FABREGA. Mr. South called me up and requested if there was any way I can help him to raise some funds.

Mr. DORSEN. Did he tell you how much he wanted to raise?

Mr. FABREGA. He wanted to raise about \$40,000.

Mr. DORSEN. Did he tell you why he wanted to raise money?

Mr. FABREGA. No, sir.

Mr. DORSEN. Was anything else of significance said in that conversation?

Mr. FABREGA. No, sir. The only thing what I mentioned, I have the company which I help him was CAMFAB.

Mr. DORSEN. Did you have a later conversation with Mr. South?

Mr. FABREGA. Yes. After a few days he called me back and he told me that he is going to issue a check under the name of CAMFAB and would send it to me to Panama.

Mr. DORSEN. And what happened after that?

Mr. FABREGA. After that I went to the bank and I cashed the check for \$40,000.

Mr. DORSEN. You received a check from Mr. South?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. Do you have the exhibits in front of you that we have described. Could you please turn to tab 2 [exhibit 274-2], and I ask you if that is a copy of the check that you received and cashed?

Mr. FABREGA. Right, sir.

Mr. DORSEN. What did you do with the \$40,000 in cash?

Mr. FABREGA. Well, after I cashed the check I took the money to my house, which I put in a safe over there.

Mr. DORSEN. And that was the \$40,000, is that correct?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. And can you place this in time, when was this check cashed?

Mr. FABREGA. Well, I believe I cashed the check—as soon as I received a check, I cashed it.

Mr. DORSEN. And the check is dated March 29, is that correct, 1972?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. Did you take the \$40,000 and deliver it to Mr. South?

Mr. FABREGA. Yes, sir. A few days after I came over to Dallas for business and I brought the money over to him.

Mr. DORSEN. Did you have a conversation with Mr. South concerning any repayment of this money in any form or raising any cash concerning this \$40,000?

Mr. FABREGA. Not at that time. I delivered it to him.

Mr. DORSEN. When did you have a conversation?

Mr. FABREGA. About a couple of weeks after he called me up in Panama and he said he would have to pay this money back to the company, and he will send me some ticket stocks.

Mr. DORSEN. Ticket stocks?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. These are blank tickets?

Mr. FABREGA. Blank tickets, of course for Braniff, to be sold in Panama and from this money to pay him back.

Mr. DORSEN. Did you receive these tickets?

Mr. FABREGA. I received the ticket stocks.

Mr. DORSEN. What did you do with them?

Mr. FABREGA. When the tickets arrived in Panama I gave them to one of my supervisors to put on the counter to be sold.

Mr. DORSEN. Did the supervisor sell the tickets?

Mr. FABREGA. Yes, sir. She sold the tickets.

Mr. DORSEN. What were her instructions?

Mr. FABREGA. My instruction was for her to sell the tickets and make reports just like other tickets but on these special tickets these reports have to be, to give it to me.

Mr. DORSEN. What is the normal procedure with respect to tickets sold by Braniff in Panama?

Mr. FABREGA. The usual procedure that every ticket that we sold we make a special form and this has to be sent over to our accounting people in Panama.

Mr. DORSEN. How often is this done?

Mr. FABREGA. That is on a daily basis.

Mr. DORSEN. What happened with respect to the tickets that your supervisor sold on the basis that you just described?

Mr. FABREGA. For these tickets, she was giving a report to me and this report was taken over to my house and put in my safe.

Mr. DORSEN. Did you get cash for these tickets or get—

Mr. FABREGA. No; I only got cash for these reports. Once in a while we have checks, too.

Mr. DORSEN. Did you ask her to try to obtain just cash for these tickets?

Mr. FABREGA. I told her this ticket has to be sold only on a cash basis.

Mr. DORSEN. What happened that made that impossible?

Mr. FABREGA. Sometimes people was coming over to the counter to buy some tickets and at the last minute didn't have enough cash and then they make a check.

Mr. DORSEN. What did you do with the cash and checks that you so received?

Mr. FABREGA. Well, I took this money over to my house, as I explained before, and then when I have about a few thousands I was come over to Dallas on other trips and I was delivering this money to Mr. South with this report.

Mr. DORSEN. How often did you do this?

Mr. FABREGA. I don't recall, but it may have been maybe three or four trips I made.

Mr. DORSEN. As of the end of December 1972, how much money had you generated by ticket sales in this fashion?

Mr. FABREGA. You mean by December?

Mr. DORSEN. Yes; by December 1972 how much money had been obtained?

Mr. FABREGA. I believe it was about, I mean, there was a total amount of \$27,000 which I delivered.

Mr. DORSEN. And you delivered the entire \$27,000 to Mr. South?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. Did you have a conversation with Mr. South at the end of December?

Mr. FABREGA. Yes; when he told me that he has some pressure from Braniff that we have to pay the \$40,000 to the company and to please to try to see if I can get the total amounts to cover the \$40,000. Well, then, I told him, "Charlie, what I can do is I have to go over to the bank to borrow some money for my own business. If you want to I can borrow the difference from the \$40,000." It was \$13,000, which I did, and then I bought a draft which I sent to him.

Mr. DORSEN. That is that \$13,000 draft payable to Braniff which represented money you had personally borrowed from a bank in Panama, is that correct?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. Mr. Fabrega, I direct your attention to tab 3 [exhibit 274-3] and ask you if the documents other than the first two pages of that exhibit reflect, among other things, the checks that you delivered to Mr. South as well, including the \$13,000 check that you had borrowed?

Mr. FABREGA. Yes, sir, right sir.

Mr. DORSEN. Did you get repaid the \$13,000 that you borrowed?

Mr. FABREGA. Yes, sir, they paid me back in just the same way, selling tickets.

Mr. DORSEN. What did you do with the money then?

Mr. FABREGA. Well, I mean it was my money, \$13,000.

Mr. DORSEN. And you recovered the entire—

Mr. FABREGA. I recovered the entire \$13,000.

Mr. DORSEN. And approximately when did you receive the final balance on the \$13,000?

Mr. FABREGA. I don't recall but I believe it was about February, March, or April, something like that.

Mr. DORSEN. It was early 1973, is that right?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. Did you have any tickets left over?

Mr. FABREGA. Yes. All the tickets he had to send back to Dallas.

Mr. DORSEN. Did you send them all back?

Mr. FABREGA. Yes, sir.

Mr. DORSEN. During this entire period did you know the purpose of the \$40,000, what the \$40,000 was going to be used for?

Mr. FABREGA. No, sir.

Mr. DORSEN. I have no further questions at this time, Mr. Chairman.

Senator ERVIN. Mr. Madigan.

Mr. MADIGAN. Mr. Fabrega, in addition to the CAMFAB Corp., what other businesses, if any, do you operate in Panama?

Mr. FABREGA. You mean besides Braniff?

Mr. MADIGAN. Yes; besides your work for Braniff, what else do you do?

Mr. FABREGA. I have other businesses in Panama, sir.

Mr. MADIGAN. What do they consist of?

Mr. FABREGA. I have a hotel business. I have a restaurant business. I have a few franchises, regular franchises—Avis Rental Car.

Mr. MADIGAN. Do I understand your testimony to be that, subsequent to the request for you to raise this money, at no time did you have any idea as to what the money you raised was going to be used for by Mr. South and the people at Braniff?

Mr. FABREGA. Never, sir.

Mr. MADIGAN. Did you sell these tickets in the ordinary course of business the same as you would sell any other tickets?

Mr. FABREGA. Right, sir.

Mr. MADIGAN. Did you employ any procedures to make sure that you received only cash and not checks for these tickets?

Mr. FABREGA. Yes; that was my instruction given to me by Mr. South.

Mr. MADIGAN. And why was that?

Mr. FABREGA. Why? Because I did not want to get involved in checks, just in cash.

Mr. MADIGAN. My question is why didn't you want to be paid by means of checks?

Mr. FABREGA. Why I did not want to be paid in checks?

Mr. MADIGAN. Right.

Mr. FABREGA. Because for me it was easy to get in cash the money and take it over to the States.

Mr. MADIGAN. Was that not unusual for you, to come to Texas with cash?

Mr. FABREGA. Never, sir.

Mr. MADIGAN. So I take it that this was something unusual for you to raise money in cash and bring it to Texas, is that right?

Mr. FABREGA. That is correct, yes, sir.

Mr. MADIGAN. Now then, you have no knowledge whatsoever as to any conversations that may have occurred between anyone at the Committee To Re-Elect the President and any official of Braniff Airways, is that correct?

Mr. FABREGA. No, sir.

Mr. MADIGAN. Did you have to pay interest on this loan that you received, this \$13,000?

Mr. FABREGA. Yes, sir, I had to pay it back with interest.

Mr. MADIGAN. How did you get repaid that interest?

Mr. FABREGA. In the same way, by selling tickets, sir.

Mr. MADIGAN. You continued selling the tickets?

Mr. FABREGA. Right, sir.

Mr. MADIGAN. Did you sell them for checks or cash?

Mr. FABREGA. Cash.

Mr. MADIGAN. How did you insure that you would always be paid in cash for the tickets? What if a customer wanted to pay by check?

Mr. FABREGA. If a customer wanted to pay by check, we would take the other stock which we had and issue tickets.

Mr. MADIGAN. I take it that you knew that there was something irregular about this batch of tickets that you received from Mr. South and then proceeded to sell?

Mr. FABREGA. Yes, sir.

Mr. MADIGAN. I do not believe that I have any further questions, Mr. Chairman. Thank you.

Senator ERVIN. Senator Montoya.

Senator MONTOKA. No questions, Mr. Chairman.

Senator ERVIN. Senator Weicker.

Senator WEICKER. No questions, Mr. Chairman.

Senator ERVIN. I have no questions.

Thank you very much for making a voluntary appearance here. Had it not been for your willingness to do so, we could not have had you appear personally as a witness.

Mr. FABREGA. I am happy to do it.

Thank you.

Senator ERVIN. Counsel will call the next witness.

Mr. DORSEN. Mr. Neal Robinson.

Senator ERVIN. Mr. Robinson, do you solemnly swear that the evidence you shall give to the Senate Select Committee on Presidential Campaign Activities shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROBINSON. I do.

Mr. DORSEN. Would you please give your name for the record?

**TESTIMONY OF NEAL ROBINSON, ACCOMPANIED BY DENNIS LYONS,
COUNSEL**

Mr. ROBINSON. My name is Neal Robinson. I am assistant treasurer of Braniff Airways in Dallas.

Mr. DORSEN. You are also represented by Mr. Lyons?

Mr. ROBINSON. I am.

Mr. DORSEN. How long have you been assistant treasurer of Braniff Airways?

Mr. ROBINSON. Since March 1973.

Mr. DORSEN. Am I correct, Mr. Robinson, that you had no knowledge of any events concerning these transactions until late July of this year, when you were asked to examine and trace some transaction?

Mr. ROBINSON. That is correct, sir.

Mr. DORSEN. Did you conduct an examination and attempt to trace the various entries that went into and comprised this transaction?

Mr. ROBINSON. I did.

Mr. DORSEN. Mr. Robinson, I direct your attention to tab 1 [exhibit 274-1] that you have before you.

Mr. ROBINSON. Yes, sir.

Mr. DORSEN. Can you identify that exhibit?

Mr. ROBINSON. This is our file copy—Braniff file copy of the check made payable to CAMFAB, along with the remittance advice, meaning remittance attached. Immediately following is a voucher check support, which is used in the ordinary course of business to support the request for personal funds. In this particular case, it is charged to the accounts receivable account.

The third piece of paper appears to be an interoffice request for payment to CAMFAB in the amount of \$40,000.

Mr. DORSEN. What is tab 2 [exhibit 274-2]?

Mr. ROBINSON. Tab 2 is a copy of a check, both sides, made payable to CAMFAB, which in this case had been attached.

Mr. DORSEN. So tab 2 is a check in advance for expenses and services to CAMFAB Co.; is that correct?

Mr. ROBINSON. That is correct.

Mr. DORSEN. Is that an unusual type of transaction, according to your experience?

Mr. ROBINSON. No; Braniff is a large corporation and it is ordinary for Braniff on occasion to advance money for services and expenses.

Mr. DORSEN. Could you please direct your attention to tab 3 and tell us what that is—a portion of that, of course, has already been described by Mr. Fabrega.

Mr. ROBINSON. This again is a cash accounting report which is used by Braniff to record the receipt of cash. In this particular case, \$81,679.

The second sheet is a cash receipt item distribution form and it shows the collection of \$40,000 crediting accounts receivable to CAMFAB and of the cash account.

Mr. DORSEN. Is that a series of entries of odd amounts?

Mr. ROBINSON. The debits to the cash account are a series of entries of odd amounts. There is one single credit to the CAMFAB account receivable.

Mr. DORSEN. Does the balance of those documents in tab 3 [exhibit 274-3] reflect checks deposited to the account of Braniff?

Mr. ROBINSON. They reflect deposits of cash and checks, \$19,203.38, with various support for the checks.

Mr. DORSEN. Is the second document to which you refer a series of entries reflecting receipt of money by Braniff an unusual document, according to your experience?

Mr. ROBINSON. It would be; yes, sir.

Mr. DORSEN. In what way would it be unusual?

Mr. ROBINSON. Well, it would not be usual to receive a corporate account to liquidate account receivable a series of checks in odd amounts made payable to Braniff International by different parties.

Mr. DORSEN. I direct your attention to tab 4 [exhibit 274-4]. Could you summarize what this is?

Mr. ROBINSON. These are copies of sheets from Braniff's detailed account analysis. It reflects all transactions which are made to accounts in a given period. In this particular case, two documents are present, one showing a debit to account 128013, which is a commercial account receivable; the other showing a credit to account 128013 subsequent to that, both in the amount of \$40,000.

Mr. DORSEN. Under accounting procedures performed by Braniff and other airlines, is income from the accounting point of view generated before tickets are sold?

Mr. ROBINSON. I would prefer to state that from an accounting standpoint, revenues are recognized—realized—when earned. That occurs when a passenger flies.

Mr. DORSEN. How is it treated when a ticket is purchased?

Mr. ROBINSON. When a ticket is purchased, either cash or account receivable becomes a debit to the cash account or receivable account and a credit to account 2160, which is earned passenger transportation revenue.

Mr. DORSEN. I direct your attention to tab 5 [exhibit 274-5] and ask you to identify that.

Mr. ROBINSON. This is a cash accounting report which shows the receipt of \$40,000 in cash crediting 216011, which is unearned passenger transportation revenue.

Mr. DORSEN. What is the source of those funds?

Mr. ROBINSON. The source of those funds are checks from Braniff officers and others in varying amounts totaling \$40,000 [exhibit 274-6].

Mr. DORSEN. Am I correct, then, that according to your inquiry, Braniff was repaid by its executives the \$40,000 expended out of corporate funds?

Mr. ROBINSON. That is correct, sir.

Mr. DORSEN. To your knowledge was reimbursement sought from the Finance Committee To Re-Elect the President?

Mr. ROBINSON. To my knowledge, it was not.

Mr. DORSEN. Mr. Robinson, if you can do so briefly, would you explain why it is that according to the press release of Braniff, there were no income tax consequences flowing from the transactions that you describe?

Mr. ROBINSON. Let me state first that none of the amounts ever reached the income statement which was to be required for the transactions to have income tax effect. All the entries were balance sheet entries and were balance sheet in effect.

Two dates really become significant in terms of the flow of any moneys unearned transportation revenue. One is July 31, the other is December 31. The unearned passenger transportation revenue account is reconciled 5 months subsequent to a balance sheet date, such that the balance sheet amount as of July 31 must be reconciled on December 31. It would show the progression of items through that account.

In our particular case, all moneys were returned to Braniff prior to July 31, 1973, such that no adjustment was required in unearned passenger transportation. No adjustment, therefore, was made to unearned revenue.

Mr. DORSEN. Mr. Chairman, I ask that tabs 1 through 6, identified by the witnesses, be accepted as part of the record.

Senator ERVIN. They will be received in evidence and appropriately numbered as exhibits by the court reporter.

[The documents referred to were marked exhibits Nos. 274-1 through 274-6.*]

Mr. DORSEN. I have no further questions.

Senator ERVIN. Mr. Madigan.

Mr. MADIGAN. Mr. Robinson, I take it that while there were no tax consequences, there was an attempt to conceal this transaction by means of the false invoice that appears in exhibit 274-1; is that correct?

Mr. ROBINSON. I really can't comment with respect to the intent. I had no knowledge of this transaction at the time it was made.

Mr. MADIGAN. You will agree, will you not, that this is an invoice which purports to indicate that \$40,000 was paid by Braniff to the CAMFAB Co. for expenses and services and, in fact, that is not true, is it?

Mr. ROBINSON. Well, I don't believe that I can comment on what the intention might have been at the time that check was drawn, sir. It would appear that it may have been, but I really don't believe that I would be knowledgeable as to the intent.

Mr. MADIGAN. Well, from your examination of the books, you have found, have you not, that there were no expenses and services for which the CAMFAB Co. would have been paid?

Mr. ROBINSON. There were not, sir.

Mr. MADIGAN. Now, if this sale of irregular tickets and use of those tickets by the passengers had occurred in May and June rather than December, I take it that there would have been tax consequences pursuant to the July 31 accounting, is that right?

Mr. ROBINSON. Had they occurred in significant amounts prior to July 31, 1972, they may have been recognized in the adjustment entry on December 31, 1972. As it turns out, the account of earned passenger transportation revenue was, in fact, overstated.

Mr. MADIGAN. That recognition, as you put it, would have produced tax consequences, would it not?

Mr. ROBINSON. It would have.

Mr. MADIGAN. No further questions, Mr. Chairman.

Senator ERVIN. Senator Weicker.

Senator WEICKER. No questions, Mr. Chairman.

*See pp. 5810-5834.

Senator ERVIN. Senator Montoya.

Senator MONTOKA. Just a couple of questions, Mr. Chairman.

When is the fiscal year of Braniiff—when does it terminate?

Mr. ROBINSON. The fiscal year is the calendar year. It terminates on December 31 of each year.

Senator MONTOKA. What negotiations or conversations did you have in-house when you started account No. 216011 with respect to the credit of \$40,000? What instructions did you receive, what conversations transpired with respect to this?

Mr. ROBINSON. Senator, are you speaking of the credit to 216011 which was made July 1973?

Senator MONTOKA. No, I am speaking of the cash accounting report dated July 31, 1973, in which you assigned account No. 216011 and entered a credit of \$40,000.

Mr. ROBINSON. Senator, I received no instructions at that time to debit or credit any specific account. From my examination, I determined that the account which would be deficient should the transaction continue the way that it had so far would be 216011, that that was the appropriate account to credit with \$40,000.

Senator MONTOKA. Was this a running account in the organization?

Mr. ROBINSON. 2160 is the account specified by the cash accounting report. It is a running account. The balance is quite heavy.

Senator MONTOKA. I notice you have printed numbers for the other accounts and this is written in ink.

Mr. ROBINSON. The document that you are looking at is a cash accounting report, showing receipt of funds for a number of purposes. Those most usually represented on this particular document have a preprinted account number and specified in the ordinary balance. That would be correct. In this case, the cash accounting report also provides for the entry of accounts which were not preprinted and 2160, as you see, is not listed, and therefore had to be written.

Senator MONTOKA. Is this the date on which you received the \$40,000; that is, July 31?

Mr. ROBINSON. Sir, it is my understanding that the checks were received several days in advance of July 31, 1973.

Senator MONTOKA. How far in advance?

Mr. ROBINSON. A few days, sir.

Senator MONTOKA. That is all, Mr. Chairman.

Senator ERVIN. This entry to the effect that this \$40,000 had been transferred to CAMFAB Co. was fictitious, was it not, to conceal what actually happened to it?

Mr. ROBINSON. Sir, as I stated earlier, I really do not feel that I can comment with respect to whether it was fictitious or not at the time. I have stated, however, that I found no expenses that may have occurred with respect to CAMFAB.

Senator ERVIN. Can you tell exactly how this money got from Panama to the United States?

Mr. ROBINSON. Sir, I have no knowledge about the money.

Senator ERVIN. Do the papers you have analyzed as an accountant disclose that?

Mr. ROBINSON. Excuse me, sir?

Senator ERVIN. Do these papers disclose to you as an accountant, as to how this \$40,000 contribution managed to get from Panama to the United States?

Mr. ROBINSON. No, sir, they do not. What they do disclose is the money was deposited in the operating account in the First National in Dallas and, therefore, had to be physically carried to Dallas.

Senator ERVIN. I know Braniff is a very large company with many interests. Is it customary for individuals to carry cash payments as much as \$40,000 rather than carrying checks or some other method?

Mr. ROBINSON. No, sir; it is not the usual course of business.

Senator ERVIN. Well, the company issued a press release to the effect they did make a corporate contribution of \$40,000 to the finance Committee To Re-Elect the President. And this money—this \$40,000—was either used by the Committee To Re-Elect the President or was still retained by the Committee To Re-Elect the President, was it not?

Mr. ROBINSON. Yes, sir.

Senator ERVIN. The corporation never got a refund yet?

Mr. ROBINSON. Sir, the corporation has received payments from corporate officers.

Senator ERVIN. But that was done, was it not, after there was some demand by Common Cause that this contribution, that the people who made this contribution be made—their names be disclosed?

Mr. ROBINSON [conferring with counsel]. Sir, I really do not know what the purpose was.

Senator ERVIN. When does the record show that the executive officers of Braniff reimbursed Braniff?

Mr. ROBINSON. In July of 1973, sir.

Senator ERVIN. Well, that was long after the election which had happened the previous November.

Mr. ROBINSON. Yes, sir.

Senator ERVIN. And is the only inference to be drawn by you as an accountant from the papers that up to that time the corporate contribution was in the hands of the Committee To Re-Elect the President, and still is?

Mr. ROBINSON. Yes, sir.

Senator ERVIN. Well, in view of the way this was handled I will have to say some men are like the Lord in one respect, they move in mysterious ways their wonders to perform.

Thank you very much.

Mr. ROBINSON. Thank you, Senator.

Senator ERVIN. Wait, one question.

Do you know whether these executive officers who repaid Braniff for the corporate contribution previously made by Braniff to the Committee To Re-Elect the President have ever been reimbursed by any kind of a bonus arrangement on the part of Braniff?

Mr. ROBINSON. Sir, it is my understanding they have not been.

Senator ERVIN. Thank you.

Counsel will call the next witness.

Mr. EDMISTEN. Mr. Chairman, the next witness will be Mr. George A. Spater.

Senator ERVIN. Mr. Spater, will you hold up your right hand? Do you swear that the evidence that you shall give the Senate Select Committee on Presidential Campaign Activities shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SPATER. I do.

Senator ERVIN. Be seated.

Will counsel identify himself for the purpose of the record?

Mr. CUTLER. My name is Lloyd N. Cutler, counsel for Mr. Spater. Senator ERVIN. Counsel may proceed.

Mr. EDMISTEN. I think Mr. Spater has an opening statement that he would like to read.

TESTIMONY OF GEORGE A. SPATER, ACCOMPANIED BY LLOYD N. CUTLER, COUNSEL

Mr. SPATER. Until September of this year I was chairman and chief executive officer of American Airlines. And as the committee also probably knows, in July of this year American voluntarily disclosed to the Special Prosecutor and to the public that in the fall of 1971 I was approached by Mr. Herbert W. Kalmbach and asked to arrange for a contribution of \$100,000 to the Committee To Re-Elect the President. I was told that contributions of this amount would be regarded as in a special class. Since I knew that Mr. Kalmbach was the President's personal counsel as well as counsel to American's principal competitor, I decided that some affirmative response was necessary. I did arrange for contributions aggregating \$75,000, of which \$50,000 came from American Airlines corporate sources and the balance from personal sources.

Full details of how the corporate source contribution was generated and paid have been provided to the staff of the committee as well as to the Special Prosecutor, but, in brief summary, I informed an American financial officer that we might be asked for a substantial contribution, perhaps as much as \$100,000. Some months later he advised me that the money was available. I later learned, and this was a great deal later, in 1973, that it had been generated by an invoice for payment of a commission to a Lebanese firm for the sale of used aircraft. It so happens that the principal in the Lebanese firm has performed real services for American Airlines from time to time, but in this case this invoice was a false one. By arrangements with him the funds were returned in cash to American, and \$55,000 of this total was used to make the contribution to the committee. The \$55,000, along with the \$20,000 obtained from personal sources was delivered on Mr. Kalmbach's instructions to the committee's offices in Washington. Payments were made in cash. There were three installments of \$5,000 each, the first one in December 1971, and final installment of \$60,000 was made in March of 1972.

Turning to a separate point, I would like to describe the circumstances which led up to my decision of last July to make a full disclosure of the matter before the pertinent facts had become known to the Government from other sources, and I shall also want to offer some suggestions for removing what I see as unfair pressure that is placed on business executives under our present system of campaign financing.

In April 1973, after these contributions had been made, representatives of the Committee To Re-Elect the President asked American how the \$75,000 of contributions should be recorded on the list the committee anticipated it would have to file in the Common Cause lawsuit. After an extensive review of the matter with counsel, and a review by counsel of the facts, I decided that the illegality of the contribu-

tion from corporate sources should not be compounded, and that all the facts should be disclosed to the appropriate authorities.

As a result of the counsel's discussion with the Special Prosecutor and his staff, we decided to join with the Special Prosecutor in making a public disclosure of the facts. Encouragement for such a public disclosure came from Mr. John Gardner of Common Cause. Our counsel had consulted Mr. Gardner because of his earlier public invitation to corporate executives to come forward and to disclose any unreported pre-April contributions in the 1972 Presidential campaign. And although I knew then how much personal damage these public disclosures would do, I concluded that they ought to be made, and they were made.

Attached to my statement is American Airlines' press release of July 6, 1973, disclosing the corporate contribution.

It is true that in making these steps we sought to mitigate the law violation involved in the corporate contribution by assisting the Special Prosecutor's enforcement effort. In addition to disclosing our own wrongdoing, it provided details that should help the prosecutor in investigating other cases. Moreover, by making the public announcement, we enabled the Special Prosecutor in his statement of July 6 to urge other companies to follow our example and come forward voluntarily in an effort to put an end to illegal campaign funding practices and, in fact, at least six other major national companies did so, and those names of companies have been announced.

The Special Prosecutor recognized this contribution to law enforcement in his announcement of last October 17 which I also have attached to this statement. He stated that he believed American's decision to come forward voluntarily at a time when no other corporation had evidenced any willingness to do so, "had something to do with prompting others to come forward with voluntary disclosures of corporate contributions."

I believe, and I hope, that American's disclosure also helped to stimulate Senate passage of S. 372, which it finally enacted and greatly strengthened the present campaign financing laws, and I strongly support the strengthening of these laws.

Turning to the area of remedial legislation, I believe that the present system places unfair pressures both on the candidates and on corporate executives. As I have said before, I said specifically in my statement of July 6 that most contributions from the business community are not volunteered to seek competitive advantage but are made in response to pressure for fear of a competitive disadvantage that might result if they are not made, and the process, in my opinion, clearly degrades both the donor and the donee.

The present situation is particularly dangerous when the pressure is implicit in the position occupied by the individual making the solicitation. I suggest, however, that congressional consideration be given to the advisability of making certain individuals wholly ineligible to engage in campaign solicitation. In effect, this is really expanding the number of individuals who are ineligible. In particular, I recommend that solicitation by individuals who have just left the Cabinet, or who have just left other high positions in the Government, or by individuals who are personal representatives of officers currently holding such positions be made unlawful.

Now, there is one other aspect, and I am departing somewhat from my written statement to introduce this, that I think cries for legislative remedy.

The usual legislation which forbids acts by corporations also includes officers, directors, and principal stockholders. There is no comparable feature in either the existing legislation or anything that I have seen discussed, that is, take for example, corporation A that has stockholders, excuse me, that has officers who have held very profitable stock options; they can, under existing legislation make a gift; they can give \$50,000, whatever figure they desire. In case B, a corporation that has very large principal stockholders, perhaps all of his income is derived from the corporation, perhaps all of his assets are derived from the corporation, he is free to make a gift of \$50,000. Corporation C, which doesn't have any politically minded directors or rich directors, that either cannot make a gift or must make only an illegal gift, now if this is looked at purely from the standpoint of the impact on the Government, any possible influence that might exist, there is absolutely no distinction that can be made between the case of corporation A, corporation B, or corporation C. It has exactly the same impact. But in one case corporation C which happens to be my situation, I have done something that is wrong and I realize it is wrong, on the other hand, the same impact can be had by other companies and is currently the case in other companies that make contributions through their directors or principal stockholders, and I think that is a very unfair thing, and there is certainly nothing inherent in our law that says that a corporation that doesn't have rich directors or big rich stockholders shouldn't somehow or other be prejudiced in our process of administration of the Government.

But whatever the proper legislative remedy may be, I feel strongly a disclosure such as those being made during these hearings compel prompt remedial action. It is time to put a stop to such practices, and I pledge to do all I can to support corrective legislation that Common Cause and others are advocating.

I would just like to add in closing that I think this committee has made one of the great contributions to the history of our Republic, to good administration of Government, and I think it can go on and make another enormous contribution by pressing for remedial legislation which will take off the unfair pressures which exist both on candidates and on businessmen under the present law. Thank you very much, sir.

[The documents above referred to follow:]

PRESS RELEASE OF JULY 6, 1973

The special prosecutor, Archibald Cox, announced today that one of the Nation's major corporations—American Airlines—has voluntarily acknowledged illegal corporate contributions to the Committee To Re-elect the President in 1971-72 and agreed to cooperate fully with this office.

Mr. Cox noted that the Federal election laws, specifically section 610 of the Federal Criminal Code, forbid corporate contributions to political campaigns and that campaign committees, campaign officials, corporations, and also individual corporate officers violate 18 U.S.C. 610 when such a contribution is made. He added, "We are not adopting any blanket policy toward either corporations or individual officers; but it is fair to say that when corporate officers come forward voluntarily and early to disclose illegal political contributions to can-

didates of either party, their voluntary acknowledgment will be considered as a mitigating circumstance in deciding what charges to bring."

The Watergate special prosecution force is pressing ahead its investigation into violations of campaign contribution laws. Mr. Cox commended the forthright action of American Airlines' executives and expressed the hope that other responsible corporate executives would also realize the damage created by illegal campaign financing and come forward like American Airlines in an effort to put an end to such practices. "Whether they come forward or not," he said, "we intend to get to the bottom of illegal campaign funding practices."

George A. Spater, chairman of American Airlines, confirmed that American Airlines officials made cash contributions totaling \$75,000 to the Committee To Re-Elect the President. He said that some of the contributions came from corporate funds in possible violation of the campaign financing laws.

Mr. Spater said that before any knowledge of these facts had reached the Government from other sources, American disclosed the full circumstances to the appropriate authorities. "Our purpose in so doing and in making this public disclosure," he said, "has been to mitigate any resulting charges or penalties against the officials involved, and also to focus attention on the evils of the present political fund-raising system. We need honest and sensible new laws that will effectively reduce both the pressures on candidates to seek political campaign contributions from business firms, and the pressures on business firms to make such contributions."

Mr. Spater said that he took full corporate responsibility for the decision to make the contributions. He said, "I was solicited by Mr. Herbert Kalmbach, who said that we were among those from whom \$100,000 was expected. I knew Mr. Kalmbach to be both the President's personal counsel and counsel for our major competitor. I concluded that a substantial response was called for. At my direction, American officials made the payments of \$75,000 in cash in five installments from November 1971 through March 1972, of which the first four, totaling \$20,000, came from noncorporate sources; and the last \$55,000, paid in March 1972, came from corporate sources."

"Based on my knowledge and experience in the business community," Mr. Spater said, "I believe that such pressures have been regularly applied by campaign solicitors, and that contributions made by corporate officers and employees are directly or indirectly financed out of corporate funds to an extent that creates a significant national problem. I do not make these statements in criticism either of campaign solicitors or of campaign contributors, or of any political party or candidate. All of them are victims of a bad campaign financing system."

"We need stronger campaign financing laws. The present laws are hypocritical and, in the view of our counsel, may be unconstitutionally vague. The law says that it is improper to solicit a corporation or for a corporation to make political contributions, but allows political contributions to be solicited from and made by salaried officers and employees of a corporation or from a stockholder who derives substantial income from the corporation. The corporation, however, is usually the target of the solicitation and usually receives the political credit for the contributions that are made. The corporation with independently wealthy officers or stockholders is thus placed in a preferred position in comparison with a corporation whose officers or stockholders are less fortunately endowed."

"The law is allegedly designed to prevent corruption in government, but does not focus on the factors that lead to corruption—it is based on a system by which candidates for public office must seek funds from persons affected by the actions of such candidates when elected to office. The system provides no limits on the total amount that may be raised or spent, and hence places a premium on pressure to raise greater and greater amounts."

"Under the existing laws, a large part of the money raised from the business community for political purposes is given in fear of what would happen if it were not given. A fair and honest law is one that would remove the need of any candidate to exert such pressures, as well as the need for any businessman to respond."

"I fully support the proposals made by Common Cause and many legislators of both parties to reform existing election laws relating to the support or political candidates. I urge others in our position to come forward. I urge the business community to get behind campaign financing legislation that will really work, and that will put a stop to pressures to which officers of companies are subject when solicited for campaign contributions."

WATERGATE SPECIAL PROSECUTION FORCE,
Washington, D.C., October 17, 1973.

FOR IMMEDIATE RELEASE

Special Prosecutor Archibald Cox issued the following statement today:

I am today announcing a general policy toward violators of 18 U.S.C. 610, the law prohibiting corporate contributions in connection with Federal elections.

You may recall that, on July 6, American Airlines, Inc., became the first company to voluntarily acknowledge an illegal corporate contribution. I said then that when corporate officers come forward voluntarily and early to disclose such acts, this would be considered as a mitigating circumstance in deciding what charges to bring.

Since then a number of corporations have come forward, at various times and under various circumstances. We also have underway investigations of some other illegal corporate contributions by "nonvolunteers"—cases where the parties have not come forward voluntarily.

Today we have filed criminal charges against three corporations and two corporate chief executives, and it seems an appropriate time to generally describe our policies and make clear how we expect to proceed in the future.

As a matter of prosecutive policy and commonsense, the effective enforcement of a statute prohibiting corporate contributions to political campaigns requires, absent the most unusual circumstances, that the responsible corporate officer be charged as well as the corporation. Without such a policy, the statute will have little deterrent effect.

So the general policy of this office, even in cases where the company voluntarily came forward, will be to charge the primarily responsible corporate officer with the misdemeanor violation of section 610 of title 18, as well as charging the corporation. Only the most unique circumstances would warrant a departure from that policy. In accordance with that policy we have charged Goodyear Tire & Rubber Co. and Minnesota Mining & Manufacturing Co. and individual officers of those two corporations with the misdemeanor violations of section 610.

We have also charged American Airlines, Inc., with the misdemeanor violation of section 610, but in that case we have not charged the responsible individual corporate officer and we have not done so principally because American Airlines and its chairman, George Spater, were the first to voluntarily come forward, at a time when no other corporation had evidenced any willingness to do so, and that, in my judgment, is a unique and specially mitigating circumstance. I believe that the example of American Airlines had something to do with prompting others to come forward with voluntary disclosures of corporate contributions. We will be bringing charges in the weeks to come against other corporations and corporate officers, both "volunteers" and "nonvolunteers."

There are, in addition, certain aggravating rather than mitigating circumstances where more serious charges may be brought. In those cases where the violators do not come forward voluntarily, but the violations are uncovered as a result of investigation by this office, we may in serious instances charge the individual corporate officer or officers with the willful felony violation of section 610 rather than the misdemeanor. This more serious charge might also be brought in instances in which there are indications that the contribution was given with the intent improperly to influence some Government action, or where there has been an effort to conceal or withhold evidence of other Federal crimes by the persons under investigation.

Finally, it should be understood that, while we have established these public policy guidelines to govern our handling of these and future cases of violations of 18 U.S.C., section 610, these policies will be subject to review as our investigations and prosecutions go forward, and as we are better able to assess the prosecutive effectiveness of these policies.

Senator ERVIN. Counsel.

Mr. EDMISTEN. Mr. Cutler, will you identify for the record your two associates?

Mr. CUTLER. With me is my partner Mr. Howard Willens sitting to my immediate left, and to the right Mr. Herbert J. Miller, both also of counsel to Mr. Spater of American Airlines.

Mr. EDMISTEN. Mr. Spater, were you at one time the general counsel for American Airlines?

Mr. SPATER. I was.

Mr. EDMISTEN. And you are familiar with legal ramifications of all matters affecting American Airlines?

Mr. SPATER. Yes.

Mr. EDMISTEN. When was the first time you met Mr. Herbert Kalmbach?

Mr. SPATER. I can't be exactly sure but I think I met him at a Republican dinner given in Washington, in March 1971. I have a vague recollection, I have tried to search my memory, that I met him at that time. I don't recall any particular conversation that I had with him but I think that I may have met him on that instance.

Mr. EDMISTEN. So you know of no discussion at that particular dinner with Mr. Kalmbach regarding any contribution because you don't even know whether he was there or not?

Mr. SPATER. Yes.

Mr. EDMISTEN. When was the next time you met Mr. Kalmbach?

Mr. SPATER. The next time I met him was in July, it was on July 30, 1971, and the circumstance was that I had been asked by a Mr. Hofgren—Mr. Hofgren had been at the Republican dinner, asked me to have lunch with Mr. Kalmbach and I agreed to do that and I did have lunch.

Mr. EDMISTEN. Will you explain who Mr. Hofgren is, and tell us something about him?

Mr. SPATER. He is a partner or officer in Goldman, Sachs, an investment banking firm in New York. Prior to that time he had various positions in the Government. The only one I am familiar with, and maybe this is the only one, that it was, as I recall in 1969, he was working with Mr. Ellsworth who was part of the administration and later became, I think, assigned to some job in Europe, that is where I first met him.

Mr. EDMISTEN. Wasn't Mr. Ellsworth in the White House in an area that decided on foreign routes awarded?

Mr. SPATER. Yes, very briefly. I also found out later, I didn't know at the time Mr. Hofgren was at some point a vice chairman of the Committee To Re-Elect the President. Finance Committee To Re-Elect the President.

Mr. EDMISTEN. He was your first contact?

Mr. SPATER. Yes.

Mr. EDMISTEN. Now, you had this luncheon with Mr. Kalmbach; what did you discuss at that luncheon?

Mr. SPATER. Well, the luncheon didn't discuss much about finances. I think Mr. Kalmbach told me that he was engaged, or Mr. Hofgren explained, in raising money from large givers, and other than that the conversation was a general one about weather, golf or some other subject of that type.

Mr. EDMISTEN. Now you met Mr. Kalmbach on a third occasion, where was that?

Mr. SPATER. Yes, sir. Mr. Kalmbach called me several months later, and my recollection is that he called from California, although I cannot be sure of that, and asked me would I have dinner with him and he named the place, 21 Restaurant in New York. The date the dinner was held was October 20, and I think he called me sometime in September although it seemed a long time in advance. It was well in advance of the date when the dinner meeting was held.

Mr. EDMISTEN. At this particular dinner was this where Mr. Kalmbach mentioned to you the words like "Special class"?

Mr. SPATER. Yes, sir.

Mr. EDMISTEN. Hundred thousand dollar contributors would be in a special class?

Mr. SPATER. Yes, sir.

Mr. EDMISTEN. What was Mr. Kalmbach's method of operating? How did he approach you in soliciting contributions? Was he soft sell, hard sell, or what?

Mr. SPATER. He is very soft sell. A very congenial gentleman. He first spoke of the special class and he said he wanted American Airlines—I am sorry, he didn't say that he wanted us or you to be in this special class.

Mr. EDMISTEN. What did you think he meant by that?

Mr. SPATER. Well, I guess from my point of view not of thinking myself capable of being in that special class, because I am not financially able, I thought he was referring to American Airlines, but he didn't use the name and it was a slip of the tongue when I said he had, he had not. He said, "We want you to be a member of the special class."

Mr. EDMISTEN. Although he said you, when you left that meeting you had an impression in your mind that the "you" referred to American Airlines as a corporate body?

Mr. SPATER. Well, that may have been because of my own financial inadequacy, but certainly, yes.

Mr. EDMISTEN. Now, did you promise Mr. Kalmbach anything?

Mr. SPATER. I said in response that I would do my best to produce \$70,000 or \$75,000.

Mr. EDMISTEN. And he was wanting a hundred thousand?

Mr. SPATER. Yes, sir.

Mr. EDMISTEN. Did he voice any displeasure at your offer of \$75,000?

Mr. SPATER. Well, I have searched my memory to see if I can recall. My recollection is that he said something bland, if he said something at all, on the effect that he hoped we would do better, but in any event it wasn't a very strong response.

Mr. EDMISTEN. Well, why were you in a sense offering \$75,000? Were you bargaining with him?

Mr. SPATER. Well, I hoped to reduce the amount as much as I could. Perhaps I should have suggested a lower figure but I didn't. It was just impulse.

Mr. EDMISTEN. You were trying to save the corporation money?

Mr. SPATER. Yes, I was trying to save money.

Mr. EDMISTEN. As a good chief executive officer.

Now, you went about collecting this money; whom did you first contact?

Mr. SPATER. I talked to our chief financial officer, and this was somewhat after the July 30 meeting, when I heard that they were searching for \$100,000 givers. I knew pretty much what was going to happen to me next, so I warned the man that I might be hit for \$100,000.

Mr. EDMISTEN. This was prior to the third meeting where you met Mr. Kalmbach?

Mr. SPATER. Yes, sir. I am pretty sure it was prior to the third meeting, but the handwriting was pretty clear on the wall as a result of the July meeting.

Mr. EDMISTEN. After the second meeting you went back and tried to set things in motion because you were going—I won't say hit for \$100,000—but you were going to be very strongly urged to give \$100,000?

Mr. SPATER. That is correct.

Mr. EDMISTEN. What were the mechanics in raising \$100,000? You first contacted Mr. Lloyd Jones; you are the next man in charge.

Mr. SPATER. Yes.

Let me first add that what I am going to describe now is something I learned after April 1973, when we put our counsel to work on dredging up all the facts. I did not know at the time, but I have told you previously that I asked him to get it—see if he could get it; that is all I knew at the time. What happened thereafter was, that through arrangement with our Lebanese agent, we drew a check on the Chemical Bank for \$100,000 cash and the Chemical Bank was requested to transmit that amount to a corporation at its Swiss bank account—Amarco, I think, is the company name, which apparently was a company controlled by our Lebanese agent.

The money was transmitted to Switzerland, and transmitted back from Switzerland to the Chase National Bank in New York. The Lebanese agent came to New York. He went to the bank, called one of our subordinate officials at the bank and he received \$100,000 in cash; gave this to our official, our official took it back to our office and put it in the office safe.

Mr. EDMISTEN. Mr. Spater, would you identify for the record, tab 1, the voucher for \$100,000 [exhibit 275-1]?

Mr. SPATER. Yes, sir.

Mr. CUTLER. The voucher—if you want to place it in evidence, yes.

Mr. EDMISTEN. All right, let's go back and find out who the Lebanese agent is. You contacted Mr. Lloyd Jones and you said, "We need to raise \$100,000"; as far as you were concerned, was that the end of it to you?

Mr. SPATER. I didn't know anything about it until he came back and said, "We have the money" and I didn't know where it was raised until an investigation which took place in May or June of 1973.

Mr. EDMISTEN. You have subsequently gained many facts to tell you what happened?

Mr. SPATER. Yes, sir, I know all the facts now.

Mr. EDMISTEN. Who was the Lebanese agent?

Mr. SPATER. He was a man named Andre Tabourian.

Mr. EDMISTEN. Why did you pick him?

Mr. SPATER. I did not pick him.

Mr. EDMISTEN. Now, he was picked by someone down the line to be a conduit to turn the \$100,000 draft into cash [exhibit 275-2].

Mr. SPATER. Right.

Mr. EDMISTEN. He brought it back to New York, and what happened to the cash?

Mr. SPATER. The cash was brought in by him to one of our assistant officers who took it and put it in the office safe.

Mr. EDMISTEN. Let us go back and pick up a little piece here that might help us straighten something a little later on. On August 20, 1971, you received four checks of \$5,000 apiece in the mail from a source.

Mr. SPATER. Subsequently, I did.

Mr. EDMISTEN. What did you do with the checks?

Mr. SPATER. I turned those over to one of my subordinates.

Mr. EDMISTEN. All right, now, we have the money collected, \$100,000, in a safe deposit box in the American Airlines offices. How did this get to the Committee To Re-Elect the President? How much? What were the details?

Mr. SPATER. Beginning in December 1971, we made payments—there were four in all—one payment of \$5,000 in cash, I think, all in \$100 bills in an envelope, an unmarked envelope, taken to the office of the committee and delivered either to Mr. Sloan or Mr. Nunn—Lee Nunn. I say “either”—on some occasions, they both were there; other occasions, one or the other. Again, this is material that I discovered later. But in any event, one payment in December, one in January, one in February, that is three—

Mr. EDMISTEN. \$5,000 each time?

Mr. SPATER. \$5,000 each, and one final payment of \$60,000 in March of 1972.

Mr. EDMISTEN. Was this all in cash?

Mr. SPATER. Yes, sir.

Mr. EDMISTEN. Were they pleased with that arrangement, the Committee To Re-Elect?

Mr. SPATER. I recall the man who made the deliveries said to me one time they seemed to be pleased to receive cash.

Mr. EDMISTEN. Was it in \$100 bills?

Mr. SPATER. Yes, sir.

Mr. EDMISTEN. Do you know if that was a request made by the Committee To Re-Elect, to be in \$100 bills?

Mr. SPATER. No, sir. There was no request how it should be made, either by Mr. Kalmbach or, as far as I know, by the committee. That is the way our people chose to deliver it. I think that is the way it was received by Mr. Tabourian, too.

Mr. EDMISTEN. So what was the total amount that was delivered to the Committee To Re-Elect?

Mr. SPATER. \$75,000, of which \$55,000 came from corporate sources.

Mr. EDMISTEN. Now, that leaves \$45,000 somewhere that you had been collecting through the exercise of the Lebanese agent. What happened to that \$45,000?

Mr. SPATER. All the money in the safe at the time of the investigation was turned back to the company, into the regular channels of the company.

Mr. EDMISTEN. So far as you know right now, that \$45,000 is back in the operating capital?

Mr. SPATER. Yes.

Mr. EDMISTEN. Now, at any time during this—I will call it “episode”—did you have contact with Mr. Maurice Stans regarding the contribution?

Mr. SPATER. No.

Mr. EDMISTEN. Did you have contact with him otherwise regarding any business dealing with American Airlines?

Mr. SPATER. Yes.

Mr. EDMISTEN. Would you explain?

Mr. SPATER. This was, of course, after the contributions were made. We had pending at the time, a merger with Western Air, and the merger agreement expired, as I recall it, in February and had to be extended, and it was extended about three or four times. During this time, rumors began to fly around Washington that the White House was opposed to the merger. You realize that in a merger of this type, under section 801 of our act, the President makes the final decision. The Civil Aeronautics Board is merely advisory. The final decision is made in the White House, and it is not reviewable by the court.

I made an effort to find out whether these allegations were true, because when I came to Western people wanting to renew the agreement, they were very skeptical about the desirability of doing it. Under the agreement, they were expected to make dividend payments and make a change in their corporate structure. The agreement had already been held up over a year at this time, and we still did not have an answer from anybody as to whether we could or could not merge.

So I went to Mr. Stans—I had known him in another connection—asking him if he could find out whether it was true that the White House did oppose, to let me know if that was the case.

Mr. EDMISTEN. Did he let you know?

Mr. SPATER. He never—no.

Mr. EDMISTEN. First of all, why did you choose Mr. Stans? There were people at the White House who could have given you a direct answer.

Mr. SPATER. I did not know anybody in the political arena at the White House. I knew Mr. Flanigan, and I checked with him, but he did not seem to think there was anything to it. There were rumors going around, for example, even articles published in our Aviation News, one by Mr. Robert Six, who said the White House was opposed to it. I could not find out any opposition, but here were our rivals in the case, announcing publicly that the White House was opposed to it, and I was having great difficulty getting the agreement extended with Western Airlines.

Mr. EDMISTEN. Mr. Spater, did you receive a call from Mr. Kalmbach around about April 26, 1973, regarding the contribution that you had set into motion?

Mr. SPATER. I did.

Mr. EDMISTEN. What was that call about?

Mr. SPATER. I was in San Francisco on my way to the Far East, and he called me—called my office in Washington—left word with my secretary that he was anxious to reach me. He left his home number and his office number. My secretary inquired what he was calling about and he would not tell her, so I thought it was important to call him.

I did call him and reached him immediately. He said that Mr. Stans had called him and told him, Mr. Kalmbach, that it might be necessary, he thought it would be necessary, to release information as to contributions in the Common Cause lawsuit, and if this were done, it would show that American Airlines had given \$75,000.

Mr. EDMISTEN. What did he want you to do, give him some names?

Mr. SPATER. He did not say anything more at the time. There were subsequent calls that involved the question you asked me.

Mr. EDMISTEN. All right, explain those subsequent calls. Who made them?

Mr. SPATER. They did not come to me, but our office in Washington did receive calls from Mr. Kalmbach's office, not him personally, but I believe his secretary, first in which we were asked to state the names in which the \$75,000 contribution should be reported.

Mr. EDMISTEN. And what did you respond?

Mr. SPATER. This was the time we made no response. We talked with counsel. As I pointed out in my statement, we could not compound the situation, we had to tell the truth, who it was, that the money had come from American Airlines. Therefore, as a consequence of this, after deliberating with counsel, we decided we must make a disclosure.

Mr. EDMISTEN. Did your counsel make contact with American Airlines about this time and ask that the money be returned, the corporate gift.

Mr. CUTLER. With the committee did you mean? You said: "Did counsel make contact with American Airlines?"

Mr. EDMISTEN. With the Committee To Re-Elect the President.

Mr. SPATER. Yes.

Mr. EDMISTEN. I believe that is tab No. 3 [exhibit 275-3], Mr. Chairman, a letter from Mr. Herbert Miller.

Mr. Chairman, may we enter the complete American Airlines folder consisting of tabs 1-3 into the record at this time?

Senator ERVIN. It will be received in evidence, and appropriately numbered by the reporter as an exhibit.

[The documents referred to were marked exhibits Nos. 275-1 through 275-3*]

Mr. EDMISTEN. Was that request honored by the Committee To Re-Elect the President?

Mr. SPATER. It was, and they returned the money.

Mr. EDMISTEN. How much?

Mr. SPATER. \$55,000.

Mr. EDMISTEN. What happened to the other \$20,000?

Mr. SPATER. It still remains in the coffers of the committee or has been expended. I do not know what has happened to it. We made no request for its return.

Mr. EDMISTEN. Was that listed as a contribution by you personally?

Mr. SPATER. Yes; it was listed as a contribution by me.

Mr. EDMISTEN. When the people of the Committee To Re-Elect called you and asked you for names to contribute to the contribution, did you have the feeling that they wanted you to come up with some kind of a name?

Mr. SPATER. I had no feeling except that they wanted us to tell who the real contributors were. I did not think that subsequent examination of the list would indicate that the names of employees of American Airlines were stated—that is, in the Rosemary Woods list. I think an examination of that showed that in that list, predated, it was called—I am sorry. The list that the committee finally filed in the Common Cause suit says employees of American Airlines.

Mr. EDMISTEN. Mr. Spater, aside from the contribution we have just been talking about, were there any other instances of services rendered to Presidential campaigns in 1972 for which there was no consideration received by American Airlines?

*See pp. 5837-5839.

Mr. SPATER. Yes, there was one incident.

Mr. EDMISTEN. What was that? When was it?

Mr. SPATER. One of our employees in Texas worked for the Democrats for Nixon and he went off the payroll unbeknownst to me—I knew he went off the payroll. Unbeknownst to me, out of a humanitarian belief that he needed the help, he was assisted and paid in the amount equivalent to his compensation. When it was revealed to him that this came from corporate sources, he reimbursed the company.

Mr. EDMISTEN. His name was Mr. Woodward?

Mr. SPATER. That is right.

Mr. EDMISTEN. And he received an equivalent of his salary for 2 months. How much was that?

Mr. SPATER. \$10,000.

Mr. EDMISTEN. So that means he was making about \$60,000 a year?

Mr. SPATER. Yes, I think that probably would include all of his compensation, plus benefits.

Mr. EDMISTEN. Was that reported to the Special Prosecutor?

Mr. SPATER. Yes, sir.

Mr. EDMISTEN. Was any action taken on it adverse to you or the company?

Mr. SPATER. No; it was treated as part of the whole picture that you are familiar with.

Mr. EDMISTEN. Do you know of any other instances?

Mr. SPATER. No, sir.

Mr. EDMISTEN. Mr. Spater, at any time, to your knowledge, was there any quid pro quo involved in this transaction, the main transaction, the \$100,000?

Mr. SPATER. No, sir. Absolutely not.

Mr. EDMISTEN. Now, you did have a number of things pending before various Federal agencies at that time, like all airlines.

Mr. SPATER. Yes, and as we always have had for the last 35 years and presumably always will have.

Mr. EDMISTEN. Mr. Chairman, I think Mr. Cutler has supplied a listing for the committee of all matters affecting American Airlines.

Mr. CUTLER. That is a list furnished in response to a request from committee counsel of all matters currently pending before the CAB in which American Airlines has an interest.

Senator ERVIN. This is accurate?

Mr. CUTLER. That is a current list; yes.

Senator ERVIN. Let the record show it is submitted in evidence and will be appropriately numbered by the reporter as an exhibit.

[The document referred to was marked exhibit No. 276.*]

Mr. EDMISTEN. Mr. Chairman, I have no other questions at the moment.

Senator ERVIN. Mr. Madigan.

Mr. MADIGAN. Thank you, Mr. Chairman.

Mr. Spater, I would like to ask you a few questions concerning that dinner meeting that you had with Mr. Kalmbach at which this contribution was discussed. During that meeting, did Mr. Kalmbach make any promises, either express or implied, that he would be able to help you in some way if you contributed to the Committee To Re-Elect the President?

*See p. 5842.

Mr. SPATER. No.

Mr. MADIGAN. Was there any discussion at that meeting with Mr. Kalmbach about whether your contribution should be made in cash?

Mr. SPATER. Not that I recall.

Mr. MADIGAN. Well, you would recall it if there were, would you not?

Mr. SPATER. So much has happened since then. I didn't think there was, but I simply—you know, we are talking about a conversation that took place quite a long time ago and I just don't recall it.

Mr. MADIGAN. You have no recollection that there was any such discussion, is that correct?

Mr. SPATER. No; I have absolutely no recollection.

Mr. MADIGAN. Now, during that conversation and subsequent thereto, when did you decide that you would make a contribution to the Committee To Re-Elect the President, and when did you decide in what amount that contribution would be?

Mr. SPATER. Well, I more or less decided at that dinner meeting. I said that we would make a contribution of \$70,000 or \$75,000, or try to. Then when I got back to the office, I decided, well, I said \$70,000 or \$75,000, I will make it \$75,000. It was not a very scientifically arrived at decision, but that is the way it took place.

Mr. MADIGAN. As I understood your testimony, did you indicate that you had a vague recollection that there was some statement that you could do better than the \$70,000 or \$75,000?

Mr. SPATER. I am sorry. I didn't hear the last part. It was drowned out.

Mr. MADIGAN. I am sorry.

Is it your testimony that it is your recollection, vaguely, that there was some statement made by Mr. Kalmbach that you could do better than \$70,000 to \$75,000?

Mr. SPATER. I think what I said, at least what I meant to say, was that there was no strong response. If there was any response at all, it was a mild response, such as perhaps: "I hope you can do better." But there was not any vigorous response that it had to be \$100,000, that type of thing.

Later on, and maybe these two things have been confusing, but later on, when money was actually being delivered at the committee headquarters, either Mr. Nunn or Mr. Sloan said: "We thought it was going to be \$100,000."

Mr. Collins, who delivered the money, said—well, he didn't understand that from me, and he came back and asked me.

I said, "No, \$75,000."

That was the end of that, but they were the only two instances you might have in mind.

Mr. MADIGAN. My question was directed to any statement by Mr. Kalmbach. As I understood your answer, you are not sure whether he said anything at all.

Mr. SPATER. No; he may not have said anything. If I recall anything, it may have been some mild remonstrance, but it was not—

Mr. MADIGAN. Was it your decision that the contributions should be made in cash?

Mr. SPATER. No.

Mr. MADIGAN. Whose decision was it?

Mr. SPATER. Well, it was probably made by default in some respect. If we had cash, I think we said that is the way it will be delivered. I don't think there was any great cogitation over it. The money we received from Mr. Tabourian came in cash, so we probably delivered it without any great discussion.

Mr. MADIGAN. Was it requested to come in cash?

Mr. SPATER. No, sir.

Mr. MADIGAN. You didn't have any cash lying around. You had to generate a false inventory to raise that money, did you not?

Mr. SPATER. That is true.

Mr. MADIGAN. Did you instruct Mr. Jones or any other employee that it be raised in cash?

Mr. SPATER. No.

Mr. MADIGAN. When you told Mr. Jones that you thought you were going to be asked for \$100,000, did he ask you any questions about how he was going to raise that much money?

Mr. SPATER. No.

Mr. MADIGAN. No questions whatsoever?

Mr. SPATER. No.

Mr. MADIGAN. I take it that he knew how to operate false invoices and how to carry it out without being instructed?

Mr. SPATER. Well, that is a hard question to answer. I don't think he actually handled the transaction himself. He asked somebody else to do it. But a company that handles a large amount of money probably does know how to handle those transactions.

Mr. MADIGAN. Well, what I am getting at is, whose idea was it to create this false invoice and raise the money that way?

Mr. SPATER. That was somebody lower down in the organization. It was not Mr. Jones.

Mr. MADIGAN. Someone who was employed by American Airlines, I take it?

Mr. SPATER. Yes, I think it was a man who was formerly employed by us and no longer is.

Mr. MADIGAN. When you were asked—not in this instance——

Mr. SPATER. His departure from the company had nothing to do with this case.

Mr. MADIGAN. When you were asked for this contribution in the \$100,000 range and when you instructed Mr. Jones to raise that money, I take it that you knew that it was going to be raised from corporate sources; is that correct?

Mr. SPATER. I wasn't sure. I guess I could have concluded it would be, but it wasn't clear. They didn't tell me to take it from corporate sources. If we could have derived some money from other sources, I would have been very pleased.

Mr. MADIGAN. You indicated that in response to an earlier question that you, yourself, as chief executive at American Airlines, couldn't have raised that much money from personal sources.

How did you think a subordinate would be able to raise that money from personal sources?

Mr. SPATER. From other sources than myself.

Mr. MADIGAN. Pardon?

Mr. SPATER. From sources other than myself—other people.

Mr. MADIGAN. Other people in American Airlines?

Mr. SPATER. Other people in American Airlines, people we have done business with, done favors to.

Mr. MADIGAN. Other corporations have funds known as good government funds, or political action funds in which employees contribute their own money, and contributions are therefore made in a lawful manner?

Mr. SPATER. Yes, and we have since created such a fund.

Mr. MADIGAN. I guess that answers my question. You didn't have such a fund at the time you made the corporate contribution?

Mr. SPATER. No.

Mr. MADIGAN. Why didn't you raise the money that way, rather than taking it from corporate sources?

Mr. SPATER. You couldn't do it in time. We have had this in effect for several months and I put a percentage of my compensation into the fund, but if you add up all the amounts, it takes a long time to accumulate \$55,000.

Mr. MADIGAN. So I take it that you had no knowledge as to whether Mr. Kalmbach knew or did not know whether you had such a system or whether you might raise the money that way?

Mr. SPATER. No, sir; I didn't know.

Mr. MADIGAN. Now, inviting your attention to what has been admitted into evidence before the committee, found at exhibit No. 275-3, in the letter which was sent by American Airlines to request the refund of that contribution, American Airlines stated that they had no evidence that the Committee To Re-Elect the President had any knowledge that the funds received were corporate funds.

Is that a correct statement?

Mr. SPATER. This is a statement by our counsel, Mr. Miller, that he had no such evidence.

Mr. CUTLER. Based on our investigation, Mr. Madigan, that is a correct statement.

Mr. MADIGAN. Now, turning, if I might for a minute, to the litigation that was pending before regulatory agencies, could you tell us, first, how long you were the chief executive at American Airlines prior to these meetings in July and October of 1971?

Mr. SPATER. I became chief executive in February 1968.

Mr. MADIGAN. Were you a working chief executive, working on company matters all the time?

Mr. SPATER. Yes; I certainly was.

Mr. MADIGAN. Did you spend any of your time on the proposed merger between American and Western Airlines?

Mr. SPATER. Yes; I did.

Mr. MADIGAN. Were you working on that matter at the time that you had the two meetings with Mr. Kalmbach?

Mr. SPATER. Yes.

Mr. MADIGAN. During those meetings, was this merger discussed at all?

Mr. SPATER. No. Mr. Kalmbach was an attorney for the principal rival in that case—principal opposition and opponent in that case.

Mr. MADIGAN. Now, did the fact that this merger was pending play any role in your decision to contribute this money to the Committee To Re-Elect the President?

Mr. SPATER. I think I was motivated by a host of fears, and as I explained, it is impossible for me to tabulate all of the items that went into it.

Senator ERVIN. There is a vote on. Senator Montoya and I will have to go over to the Senate to vote. We will stand in recess until the Senators get back.

[Recess.]

Senator ERVIN. The committee will come to order and counsel will resume questioning the witness as soon as the witness and his attorneys are seated.

Mr. MADIGAN. Thank you, Mr. Chairman.

We were discussing the merger agreement between American and Western with respect to your participation as the chief executive of American Airlines in those merger negotiations. I understood from your testimony, Mr. Spater, that you contacted Mr. Stans with regard to the White House's position or opposition or rumored opposition to that merger; is that correct?

Mr. SPATER. Yes, I asked him whether he could find out whether it was true the White House was opposing the merger.

Mr. MADIGAN. When did you contact Mr. Stans?

Mr. SPATER. I believe it was in June—late May or June of 1972.

Mr. MADIGAN. So this would have been after the contribution was made, is that correct?

Mr. SPATER. Yes.

Mr. MADIGAN. Now, there is in the White House, according to statute, a branch which is designated by statute to approve or be involved in the approving process of the CAB decision with respect to that merger. Why did you not contact that branch of the White House rather than Mr. Stans?

Mr. SPATER. I do not know what branch that is. I am familiar with Mr. Flanigan's function but I had heard this was a political branch of the White House taking this action and I did not know anybody in the political branch of the White House.

Mr. CUTLER. Mr. Madigan, the statute vests the power to approve or disapprove mergers involving international air routes within the President, not in any branch of the White House.

Mr. MADIGAN. It vests that power in the President. And there is a group, a branch, whatever you want to call it, headed by Mr. Flanigan that deals with these matters on a day-to-day basis, is that not correct?

Mr. SPATER. I knew about Mr. Flanigan's function and I explained I did make an effort through his office to find out whether it was true and his office reported they knew nothing of it. But the rumors continued and they did not emanate from his function but they did emanate from what I would call the political end of the White House.

Mr. MADIGAN. Did you ask Mr. Stans to take any action with respect to this pending merger agreement?

Mr. SPATER. No, I asked him to find out whether it was true that the White House was opposed to it. You see, the reason for it—and of course, there is no good purpose served in extending it—if the White House is going to turn it down, there is no court review, I just take my marbles and go home. That is what Western wanted to do; they wanted to call it off. I wanted to find out whether it should be called off.

Mr. MADIGAN. You had an interest in seeing the merger was approved, did you not? Was that not American's position?

Mr. SPATER. Oh, yes; I was interested in having it approved and if it was not going to be approved then I wanted to call it quits and go in a different direction. We had been held up for a year this way.

Mr. MADIGAN. Now, in response to an earlier question, you indicated there was no quid pro quo expected and, in fact, that decision was decided adversely to American Airlines and the merger was disapproved; is that correct?

Mr. SPATER. True.

Mr. MADIGAN. When did that occur?

Mr. SPATER. Let me just rack my recollection. Actually, I knew about it at the end of July. The decision by the Civil Aeronautics Board, I believe, was made in June. Such decisions in international cases are not publicly announced, they are transmitted, they are recommended decisions, and they are transmitted to the White House and then circulated by the White House, by Budget, I believe, to the other departments and then after the final action is taken by the President, in this case disapproved or turned down the merger, it was publicly announced; it was announced in July. I think the action by the CAB, the recommendation that it be turned down, was made sometime in June.

Mr. MADIGAN. In your testimony, Mr. Spater, you directed your remarks at some point to the possibility of or the advisability of creating restrictions upon persons who were high Government officials or formerly high Government officials from soliciting contributions. Would you feel that similar restrictions should be promulgated with respect to a prohibition, say, of a person who either personally or through his business is engaged in major litigation with a regulatory agency, to prohibit him or his company from contributing to Presidential campaigns?

Mr. SPATER. Well, I haven't thought anything about it.

Mr. MADIGAN. Excuse me, when I say "prohibiting him from contributing in Presidential campaigns," I mean during the pendency of that litigation—as long as the litigation is pending.

Mr. SPATER. Personally as far as I am concerned that would be fine, but am not sure about—I think I would like to analyze it if I am going to give a broad-gage judgment on something like that as to how it would impact the whole economy. It would not affect me adversely; I would be for it.

Mr. MADIGAN. Now, with respect to the mechanism used for raising this \$100,000, how did you decide, once you knew you had \$100,000 to contribute, to give only \$55,000 to the Committee To Re-Elect the President?

Mr. SPATER. I think I explained that earlier. I made the decision really on the night on which I saw Mr. Kalmbach to give \$70,000 or \$75,000. I decided the following day to make it \$75,000 of the two figures I mentioned. Then things fell in line. I had \$20,000 to give from personal sources that was given, that left \$55,000 to be given from corporate sources, and that was given.

Mr. MADIGAN. And what was done with the remaining \$45,000? Was it kept outside the normal course of bookkeeping with respect to American Airlines' books?

Mr. SPATER. Well, until the investigation by counsel, and then any money in that safe was returned to the corporate coffers.

Mr. MADIGAN. During the time that it was kept in the safe, was that \$45,000 used to pay the \$10,000 salary of that employee that worked for Democrats for Nixon?

Mr. SPATER. I believe it was. I am not certain but I think it possibly was. But, however, that money was paid back by him so that would have been replaced.

Mr. MADIGAN. Did you arrange for a false invoice of any kind—false voucher to cover the \$10,000 that was paid to that employee?

Mr. SPATER. I never arranged for any false voucher at any time, and there was no false voucher in the \$10,000 case arranged by anybody.

Mr. MADIGAN. Well, I take it that the books must have shown that he was on leave when in fact he was being paid \$10,000?

Mr. SPATER. That is right, and there was no necessity to create more cash because the cash had already been created. The reason for the voucher, as I explained, was to provide the cash. The cash was there, presumably it was taken from that cash, used for that purpose and replenished when the individual repaid the amount. He discovered that it came from corporate funds and he repaid it.

Mr. MADIGAN. In deciding on a \$75,000 contribution, why was not the contribution made entirely from corporate funds? Why did you use the \$20,000 in personal funds, that you received?

Mr. SPATER. Because it was available for that use and I used it. I didn't really focus on—

Mr. MADIGAN. No particular reason?

Mr. SPATER. No, I would have preferred making the whole contribution in a way that would be unobjectionable but I wasn't able to do it.

Mr. MADIGAN. Is the reason that you made the contribution from the \$20,000, which were not corporate funds, because you felt that the reelection of the President would be in the best interests of the country? Was that the reason or were there some other reasons for the contribution?

Mr. SPATER. I made the contribution for the reasons I explained, I was fearful if I didn't do it our company would be placed at a competitive disadvantage.

Mr. MADIGAN. By the administration?

Mr. SPATER. Yes.

Mr. MADIGAN. Well, I go back to my earlier question. If that was the reason you gave it, why didn't you use the corporate funds; why did you use this \$20,000 of noncorporate funds?

Mr. SPATER. It made no difference to the recipient where the money came from. I had money available from personal sources, so I used it. I really didn't focus on it. There was a pile of money so I used it. As I explained, there was no decision other than the fact I indicated; I would have preferred to make it all from personal sources if I could have raised it that way. But I couldn't.

Mr. MADIGAN. Did you make any attempt to raise it through various executives who are in executive positions at American?

Mr. SPATER. I didn't. It may have been done by Mr. Lloyd Jones and other people who reported to him. I just told you what actually took

place. There is nothing else that I know of other than what I have told you. I made no other efforts.

Mr. MADIGAN. You say it may have been done. You know from the investigation that it was not done, do you not?

Mr. SPATER. I am sorry.

Mr. MADIGAN. I say, you indicated that it may have been an attempt to raise it from personal sources. Well, you know from your investigation of the facts that it was not attempted?

Mr. SPATER. Yes. Well, I know it was not attempted. I know none was raised. All the money was raised as I have explained it to you. There was no other money raised.

Mr. MADIGAN. Was there any restriction on this \$20,000 that should be contributed to the reelection of the President as opposed to—

Mr. SPATER. Absolutely not. I had a free hand whatever way I wanted to use it. I made the decision personally.

Mr. MADIGAN. Now, the law has been settled for some time since—

Senator ERVIN. I am going to have to recess. There is another vote.

[Recess.]

Senator ERVIN. The committee will come to order.

Mr. MADIGAN. Mr. Spater, I began to ask you a question with regard to the fact that there has been a law since 1910 or so that prohibits corporations from contributing to political campaigns. I note your suggestions with respect to the solicitation activities of Government officials in your statement before the committee. Do you have any suggested remedy to put a stop to the procedures, that testimony before this committee has indicated has gone on with the use of false invoices, et cetera, to generate corporate funds which are used for contributions?

Mr. SPATER. Well, I think it is necessitated by the pressures that are brought. If the pressures were relieved, invoices would not have developed.

There is another element, of course, that for the first time since 1910, the law is being enforced. The law has been in effect for 60 years and has never been enforced until a special prosecutor was appointed.

Mr. MADIGAN. I take it then that you feel the present laws we have are sufficient if they are enforced vigorously, is that correct?

Mr. SPATER. No, I do not think they are. I think it is very unfair that the present laws are applied as they are and limited as they are. I think that laws on the books should be enforced.

Mr. MADIGAN. I do not believe I have any further questions, Mr. Chairman.

Senator ERVIN. Is it not fair to say that if there is any industry in the United States which is peculiarly susceptible to express or implied pressures from people exercising governmental powers, it is the airlines?

Mr. SPATER. Yes, sir, you are absolutely right.

Senator ERVIN. Is it an exaggeration to say that the Federal Government, through its various agencies, including the White House, has virtually the power by their decisions, one way or another, to determine the economic life or economic death of an airline?

Mr. SPATER. You are absolutely right, Senator.

Senator ERVIN. In a supplemental memorandum which was supplied by Mr. Cutler at the request of the committee, this statement appears [reading]:

It is generally recognized that American Airlines is a member of an industry subject to comprehensive Federal regulation. At any particular time, officials of American Airlines estimate that the company may be directly interested in approximately 20 or so important matters pending before the Civil Aeronautics Board or other Federal agencies. To give the committee some idea of the number and range of the regulatory matters before the CAB, attached is a recent listing of matters at the CAB in which American Airlines is participating.

The most important matters before the CAB during the period from 1969 to 1972 included the following: (1) implementation of the award to American of a route to Australia; (2) the proposed American Airlines-Western Airlines merger; (3) general investigation of passenger fares; (4) mutual aid agreements among the airlines; (5) capacity limitation agreements among the carriers; and (6) investigations and proposed regulations relative to commission and other payment to ticket agents and tour packagers. In addition, the company had several applications pending during this period to serve destinations in the Orient and Europe and to provide service to important markets in the United States, such as Miami and Des Moines/Omaha.*

And the footnote reads:

*The above list is intended to be illustrative rather than comprehensive. American has not undertaken a review of its files to identify all of the matters pending before the CAB or other Federal agencies during this period.

Is that a correct statement?

Mr. SPATER. That is a correct statement.

Senator ERVIN. This statement—I have already put in the record the economic regulations exhibit [exhibit 276], and I will put this statement in the record and have it marked as an exhibit.

[The statement referred to was marked exhibit No. 277.*]

Senator ERVIN. Now, American was very much interested in the continuation of a merger agreement that it had with Western Airlines at the time of this contribution, was it not?

Mr. SPATER. Yes, sir, that is right.

Senator ERVIN. And that was a matter that was subject to the unappealable decision of the President himself?

Mr. SPATER. Yes, sir.

Senator ERVIN. And Mr. Herbert Kalmbach, whom you knew to be the personal counsel of the President and a man very close to the President, contacted you in the manner that you have described and he stated that he would like to have a contribution of \$100,000 for the Committee To Re-Elect the President. Now, did you draw the inference from what he said, that he was trying to get the \$100,000 from you personally?

Mr. SPATER. Well, it never entered my mind that he was, because I simply do not have the capacity to do it, but that is a subjective evaluation.

Senator ERVIN. Well, as a matter of fact, in facing reality, with the tremendous, almost confiscatory nature of Federal income taxes in this day, it is not reasonable that there can be very many \$100,000 contributions obtained without resorting to corporate funds, is that not true?

Mr. SPATER. That is right, except possibly from major stockholders.

*See p. 5850.

Senator ERVIN. Yes.

Mr. SPATER. We don't happen to be one of those.

Senator ERVIN. There are not many people with income tax rates on a joint return going to 55 percent up to as much as 64 percent, with all the other living expenses and obligations that they have, that can give such things as \$100,000. To use a North Carolina expression, they are about as scarce as hens teeth, aren't they?

Mr. SPATER. Yes, sir, among my friends, it is.

Senator ERVIN. Now, here in these circumstances, Mr. Kalmbach came in and said he wanted a contribution of \$100,000 and he hoped that it would be received and all those who made a contribution of as much as \$100,000 would be put in some kind of a select class.

Mr. SPATER. Yes, sir.

Senator ERVIN. Well, didn't you interpret that as a sort of implied promise, as far as Mr. Kalmbach could make one, that people who had made contributions of \$100,000 would have a superior consideration to people who were not able to make contributions of that much?

Mr. SPATER. Well, there was the other possibility, and that was a negative one, which was very much in my mind. I think as a result of the hearings before this committee, it probably might be something, and that is that you would be regarded as persona non grata if you didn't. There were two aspects: Would you get something if you gave it, or would you be prevented from getting something if you didn't give it?

Senator ERVIN. In other words, to use the vernacular expression, a request of this kind has a tendency to instill the fear that if you don't comply, you might get, in the use of the vernacular, get it in the neck from some Government agency?

Mr. SPATER. Yes. Mr. Kalmbach, of course, is a lawyer for our principal competitor who was opposing us in the merger case, so I didn't believe that giving him the money would help us in that case.

Senator ERVIN. But you did fear that if you didn't give the money, there might be some adverse consequences?

Mr. SPATER. Yes, sir, I was worried.

Senator ERVIN. Departing from the normal use of language, would it not be fair to say that requests of people of high authority who control great Government power, or who have direct access to those who control great Government power, when they ask for contributions, there is a sort of unspoken coercion in the request, isn't there?

Mr. SPATER. Unspoken what, sir?

Senator ERVIN. Does not a request for a campaign contribution of persons from industries or the officers of industries that are particularly subject to Government regulation have the effect, although there is no coercion spoken, but they have the effect of some kind of an implied coercion, don't they?

Mr. SPATER. Yes, sir. I explained it when I was talking to counsel of the staff that it is something like the old medieval maps that show a flat world and then what they called "terra incognita", with fierce animals lying around the fringes of this map. You just don't know what is going to happen to you if you get off it. I think that sometimes, the fear of the unknown may be more terrifying than fear of the known. I think this is a very large element in the picture.

Senator ERVIN. Well, I think that is a very apt illustration of the point that you are making.

Now, most all of these regulatory agencies which have to do with the regulation of the airlines are headed by men who are Presidential appointees, aren't they?

Mr. SPATER. Yes, sir.

Senator ERVIN. I thought you made some very helpful suggestions as to possible legislation and I would like to ask you another one that is not covered in your statement. Don't you believe that the Congress should adopt a law similar to that which it did in the bill which was passed by the Senate, which puts a severe limitation upon the amounts of contributions that can be made for political purposes in cash?

Mr. SPATER. Absolutely.

Senator ERVIN. And as a corollary to that answer, I take it that you agree that there should be some positive requirement that campaign contributions be made, if it is of a substantial nature, in the form of checks rather than cash?

Mr. SPATER. Yes, sir.

Senator ERVIN. And furthermore, in this day of shredding of documents that have potentially dangerous consequences or embarrassing consequences, don't you think that some positive requirement should be made by law upon persons making campaign contributions of a substantial nature, and upon persons receiving campaign contributions of a substantial nature, that they preserve all documents and records relating to those contributions for a substantial period of time after the elections?

Mr. SPATER. I think that would be a very valuable provision.

Senator ERVIN. I want to commend some of your statements. You state:

I believe that the present system places unfair pressures both on candidates and on corporate executives. As I said in my statement of July 6, most contributions from the business community are not volunteered to seek a competitive advantage, but are made in response to pressure for fear of the competitive disadvantage that might result if they are not made. The process degrades both the donor and the donee.

I don't believe that a more accurate statement could be made than that statement made by you.

Mr. SPATER. Thank you, sir.

Senator ERVIN. You followed this with:

It is particularly dangerous when the pressure is implicit in the position of the individual making the solicitation. I suggest, therefore, that Congressional consideration be given to the advisability of making certain individuals wholly ineligible to engage in campaign solicitation. In particular, I recommend that solicitation by individuals who have just left the Cabinet or other high positions in the Government or by individuals who are personal representatives of officers holding such positions be made unlawful.

Now, if Congress prior to the campaign which preceded the election of 1972 had passed a law prohibiting the solicitation of campaign contributions from the executives of business organizations by people occupying positions such as those you suggested, a lot of the contributions which American Airlines made would never have been made, would they?

Mr. SPATER. No sir, they would not have been made.

Senator ERVIN. And don't you think it is reasonable to assume that that is true in respect to other contributions which came from corporate funds rather than individual funds?

Mr. SPATER. I believe so. Reading the accounts in newspapers, I think the same thing would have been true and that is why I feel so strongly about this provision as being a very basic one.

Senator ERVIN. Do you not agree with me that we must have some strong legislation in this field if the confidence of the American people in those who hold high political office and in their Government is going to be restored?

Mr. SPATER. Yes, sir. I am certain.

Senator ERVIN. May I commend you on recognizing the truism that an honest confession is good for the soul. I think you have done a fine thing in going to the Special Prosecutor. The American Airlines and you were, I think, the first ones to go to the Special Prosecutor and make revelations and I think you have done a fine thing in the presentation that you have done before this committee.

Mr. SPATER. Thank you.

Senator ERVIN. Senator Weicker.

Senator WEICKER. Mr. Chairman, I would just like to follow up to that point. If I am not mistaken, Mr. Spater, weren't you the first person to step forward and, in this area of corporate contributions during the campaign of 1973, make a voluntary statement of what had occurred?

Mr. SPATER. Yes, sir, I was.

Senator WEICKER. I think—and up to that point, if I am not mistaken, I don't think anybody had. Nobody in industry had opened up at all.

Mr. SPATER. No, sir.

Senator WEICKER. And I suppose the thing that concerns me throughout here—I think we have every right to expect leadership, certainly from industry, and at almost from the outset, at least from the public comments that have been made, there has been sort of a minimizing of the entire area known as Watergate. There have been very few people like yourself to stand up. What motivated you? Did you figure that the time had come to draw the line here? I know that your career with American Airlines has spanned a period of time. Had you run into this type of situation, I am not saying giving of corporate funds, saying doing anything illegal, but the putting the arm on industry or more particularly on your company by other administrations, had this gone on before?

Mr. SPATER. I think there never had been an example like this in two respects: (1) the individual who made the solicitation or the solicitations and, (2) the amounts.

Now, if you are talking about highjumping, you ask somebody to jump 2 feet, he can do it and if you ask him to jump 8 feet he can't do it. I think one of the results was that the amounts were so enormous that they drove people to do things they didn't want to do.

Certainly, I didn't find any relish in doing this. I knew it was wrong in aiding it and it was very much on my conscience, so obviously I was delighted to be able to rid my conscience of it.

Senator WEICKER. So actually this was unique in the way of the size of the amount requested and from insofar as where the request came from?

Mr. SPATER. Yes, sir.

Senator WEICKER. In your experience?

Mr. SPATER. Yes, sir.

Senator WEICKER. You did make reference in your testimony to the fact that this was the first time that the law has been enforced. The laws have been on the books since the early 1900's. What is the image—this is the thing that bothers me sometimes—but what is the image of the business community and of the leadership of the business community as far as politics is concerned? Are we all looked upon as having our hands in the till or of the fact that entrance into our offices or to the seats of power can only be gained by money? I sort of have the impression that there is an image held by business leadership of political leadership that almost has us all for sale.

Mr. SPATER. No, sir, I don't agree with that. I have had many experiences in Washington since 1933. I found it possible on many occasions to go into offices, make a presentation purely on the basis of merit. There is no interest on the part of the Member of Congress receiving information other than to arrive at a just result and I have been very fairly treated. I would say that my own experience has been good, and I think that most men feel that way. I think sometimes people like to write a rousing speech and they might want to find fault with somebody but I think the general attitude of businessmen toward Congress, Members of Congress, is just like toward another businessman. They are humans and some of them are better than others, that is all. But I don't think there is any feeling, such as you have expressed, that the Congress is not doing a good job, that the Members of Congress are not devoted to work. I have been around enough to know that I have put in a lot of long hours myself, averaging 60 and 70 hours a week, and I find the same thing down here. Evening sessions, weekend work, so I have high respect for the Congress.

Senator WEICKER. The work of this committee, and I am not trying to ask your evaluation of the individual guilt or innocence because that is not the job of this committee, but the work product of this committee and what it is bringing forth; do you consider what is coming out here to be a good thing for the political system in the United States or do you think it is tearing down the country?

Mr. SPATER. I think it is one of the greatest contributions made by any committee since the Republic was founded. I really think it is one of the outstanding performances, and I think this is the general attitude of the people of our country. The people feel secure that a committee of divergent views is ultimately desirous of getting at the truth. I made some comment like that in my opening statement. I wanted to add to it. I did add to it at the time. I think a great job remains to be done, which is the effort by this committee to insure that the necessary legislative changes are made so that what you have done is not done in vain. I think it is very important that it be carried forward.

Senator WEICKER. In the same spirit, I thank you. I think obviously it was a difficult decision for you. I do not know if ever, frankly, the facts would have come forward if it had not been for your voluntarily

stepping forth and indicating a matter that obviously was a concern to your conscience. As I said, I think many times, the business community is behind, just as my profession is—it is good to know there are still some men with some guts who go ahead and stand up and draw the line and face up to facts.

I thank you for doing what you did and we will try to go ahead and do what we have to do.

Mr. SPATER. Thank you very much, sir.

Senator ERVIN. Senator Montoya.

Senator MONTOKA. Mr. Spater, I want to associate myself with the commendatory remarks which have been expressed here by Senator Ervin and Senator Weicker.

Mr. SPATER. Thank you, sir.

Senator MONTOKA. Now, one of the things that disturbs me here is why you succumbed to the competitor's lawyer's solicitation at the time.

Mr. SPATER. I think if the man who had made the solicitation had only been a lawyer for our competitor it would not have been any problem. The problem arose from the fact that the man who solicited was personal counsel to the President. He was a trustee of the President's personal estate and there is implicit in such a position, pressures that may be even more frightening than the explicit pressures.

Senator MONTOKA. Did you not consider the solicitation very audacious at the time in view of the fact that the solicitor was the lawyer for one of your competitors?

Mr. SPATER. Well, I certainly was very surprised by it. I did not know, which I explained earlier, what it meant. It meant to me something akin to this medieval concept that the world you do not know about has got a lot of beasts in it, and you do not know what the beasts are; and actually what has been revealed before hearings of this committee indicate—if I had known that I might have been more afraid than I was at the time. [Laughter.]

Senator MONTOKA. You did not, during your three conversations with Mr. Kalmbach, give any slight thought to the possibility that he was trying to obtain from you a voluntary contribution for \$100,000, with emphasis on the "voluntary"?

Mr. SPATER. No. I do not think he would have introduced this idea of a special class nor would he have approached me from that point of view.

Senator MONTOKA. I know that, and I think we ought to put this in proper perspective, that you had settled with him for \$75,000.

Mr. SPATER. I had not actually. I think what I had said to him was that I would try to get up \$70,000 or \$75,000. It was not a bargain or anything like that. It was a comment that applied to him.

Senator MONTOKA. On or about October 4, you already had four checks for \$5,000 each.

Mr. SPATER. No, sir; those came later.

Senator MONTOKA. Those came later?

Mr. SPATER. Yes, sir.

Senator MONTOKA. So actually, you had assembled \$120,000, all together?

Mr. SPATER. Yes.

Senator MONTTOYA. And then contributed \$75,000 to the Committee To Re-Elect the President?

Mr. SPATER. That is correct.

Senator MONTTOYA. How were these funds delivered?

Mr. SPATER. The funds were—

Senator MONTTOYA. I know you mentioned how \$5,000 was initially delivered, and other sums, but give me the chronology and the detail of how every bit of these funds was delivered.

Mr. SPATER. The first \$5,000 was delivered to the Committee To Re-Elect the President in December 1971. A second \$5,000 was delivered in January. A third \$5,000 in February, and the remaining \$60,000 in March 1972. Each—excuse me.

Senator MONTTOYA. Let me interrupt you.

Mr. SPATER. Yes, sir.

Senator MONTTOYA. Where did you get the \$20,000 that you delivered prior to the cashing of the checks?

Mr. SPATER. That was a personal source.

Senator MONTTOYA. From those checks?

Mr. SPATER. Yes, sir.

Senator MONTTOYA. That is the question I asked you. Had you these checks in your possession prior to the cashing of the \$100,000?

Mr. SPATER. Yes, sir; I am sorry, we did.

Senator MONTTOYA. All right, proceed.

Mr. SPATER. In each case money was delivered in cash in an envelope which was unmarked, and I think in each case in \$100 bills.

Senator MONTTOYA. Who were the individuals who contributed \$5,000 each?

Mr. SPATER. It came from one source—from a friend of mine.

Senator MONTTOYA. Were there four checks from the same source?

Mr. SPATER. Yes, sir.

Senator MONTTOYA. That is all, Mr. Chairman.

Senator ERVIN. Are there any further questions?

Mr. EDMISTEN. Mr. Spater, I have only one question. Senator Ervin quoted your statement a moment ago: "The process degrades both the donor and the donee." In fact, when you are put into a situation like that it degrades them and the stockholder, does it not? That stockholder has a right to know where his money is going?

Mr. SPATER. Yes, sir.

Mr. EDMISTEN. And I think we have forgotten that many times. Your stockholders had no voice in that whatsoever?

Mr. SPATER. No, sir.

Mr. EDMISTEN. Nor do any of the others; so it is not only the donor and donee, it is the stockholder.

Mr. SPATER. Yes, sir; we were glad, therefore, to get the money back so the stockholders would not suffer anything in our case. The money, all the corporate money, was replaced. But what you say is certainly true.

Mr. EDMISTEN. Thank you.

Mr. MADIGAN. Just a few questions, Mr. Spater.

With respect to your testimony concerning the state of mind of Mr. Kalmbach or what he might have thought, would you explain a little bit about this good government fund that American Airlines is beginning to institute or has instituted since these matters have arisen?

Mr. SPATER. Yes; I can explain it very briefly.

We set it up in October 1972, and it is completely voluntary. Any officer or employee may contribute whatever amount he designates. I think we have indicated in some cases that 1 percent is OK. Nobody has been forced; I don't know who the other contributors are—I know myself, but I don't know of a single other one. There probably are some, but I simply don't know the names. The money is handled by a bank as trustee, and the individual who puts the money up designates the candidate to which the funds should go.

Mr. CUTLER. Mr. Madigan, I think I should point out that the legality of such voluntary funds and corporate activity in organizing such funds was made clearly legal for the first time in the Campaign Financing Act of 1971, which took effect early in 1972.

Mr. MADIGAN. Well, I believe it is true that certain corporations did use either political action funds or such good government funds well prior to the time that act went into effect.

Mr. CUTLER. The legality of those funds was in considerable doubt up to that time.

Mr. MADIGAN. But the point I am making, Mr. Spater, is that we really don't know what went through Mr. Kalmbach's mind, and my question to you is: Do you know whether he thought maybe you had one of those funds or that you might have raised the money some other way?

Mr. SPATER. I don't know.

Mr. MADIGAN. Now, was there any reason that these contributions were made by four separate trips of \$5,000, \$5,000, \$5,000, and \$60,000. As opposed to a lump-sum contribution?

Mr. SPATER. No, I think that the time the first contribution was made, that was all that we had. We had one check for \$5,000. But I don't think there was any great deliberation over that. Certainly I didn't participate in it.

Mr. MADIGAN. Was there any particular reason—

Mr. CUTLER. Mr. Madigan, if I can help on that, our investigation showed that the money was delivered as each of these four checks was received and could be cashed and then after the large amount came in through the source Mr. Spater described and that was the reason why the money was delivered in the four installments; as the money was received, it was paid over to the committee.

Mr. MADIGAN. Was there any reason why you just didn't transmit the checks rather than transmitting cash to that committee?

Mr. SPATER. Not that I can think of.

Mr. MADIGAN. No other questions, Mr. Chairman.

Senator ERVIN. This so-called good government fund—that is entirely a voluntary fund?

Mr. SPATER. Completely voluntary.

Senator ERVIN. And each donor has the right to designate the candidate that he wants to receive his contribution?

Mr. SPATER. Correct; and no one in the company knows who he designates.

Senator ERVIN. Yes.

Now, the thing that concerns me, I don't know how you avoid a lot of regulation in the airline industry or in the radio and TV, but I have been concerned for years about the steady accretion of power in

the Federal Government, and I have resisted it to the best of my advantage. I have been in the minority in resisting it. But what concerns me, I think it caused them to play Lord Actons aphorism that power corrupts and absolute power corrupts absolutely; and is, I think, one of the greatest tragedies in this country whenever put on the decision of any man, in any man, an unendurable decision.

Thank you very much for your very fine contribution to the work of this committee.

Mr. SPATER. Thank you very much, sir.

Senator ERVIN. We will stand in recess until 2:30 p.m.

[Whereupon, at 12:45 p.m., the committee recessed, to reconvene at 2:30 p.m., the same day.]

AFTERNOON SESSION, THURSDAY, NOVEMBER 15, 1973

Senator ERVIN. The committee will come to order.

Counsel will call the next witness.

Mr. DORSEN. Mr. Russell DeYoung, please.

Senator ERVIN. Will you hold up your right hand?

Do you swear that the evidence that you shall give to the Senate Select Committee on Presidential Campaign Activities shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DEYOUNG. I do.

Senator ERVIN. Be seated, and counsel will please identify himself for the record.

Mr. GRIBBON. My name is Daniel Gribbon. I appear as counsel for Mr. DeYoung. Seated behind me is Mr. Lane, vice president of Goodyear; and seated behind him is Mr. Myers, vice president and general counsel for Goodyear.

Senator ERVIN. Thank you.

Mr. DORSEN. Mr. DeYoung, I understand you have a prepared statement and if you would like to read it, please do so now.

TESTIMONY OF RUSSELL DeYOUNG, ACCOMPANIED BY DANIEL GRIBBON, COUNSEL

Mr. DEYOUNG. I would like to read it. My name is Russell DeYoung. I am chairman of the board of directors and chief executive officer of the Goodyear Tire & Rubber Co. of Akron, Ohio. I began to work for Goodyear in 1928 and have spent my entire working life with the company in various capacities. I became chief executive officer in 1964.

I am appearing here under subpoena to state the circumstances under which Goodyear made a political contribution in the 1972 Presidential election.

The contribution originated in a conversation I had with Mr. Maurice Stans, whose acquaintance I had made largely as a result of our association on the Business Advisory Council and other groups involving meetings between businessmen and Government officials. At a meeting of such a group in Washington on or about February 16 or 17, 1972, that I believe was concerned with environmental problems, Mr. Stans told me that he would be contacting me about a contribution to the Committee for the Re-Election of the President. The dis-

cussion occurred in a brief informal conversation between business sessions.

I told Mr. Stans that it would be unnecessary for him to come to Akron, because I would send someone to see him. I recall no discussion at that brief meeting of amount, by whom the contribution should be made, or the method by which it might be made. There was some mention of making a contribution—should be made; or the method by which it might be made. There was some mention of making a contribution prior to April 7 in order that it would not have to be publicly reported.

When I returned to Akron, I discussed the matter with Mr. Arden Firestone, vice president of Goodyear. As a result of that discussion, Mr. Firestone, on March 9, delivered \$20,000 in cash to Mr. Stans in Washington, D.C. I did not attend that meeting, but was later informed that Mr. Stans did not ask, and was not told, the source of the funds; Mr. Stans said he had hoped for a contribution in the range of \$50,000, but he did not state or imply that any pressure would be brought if a larger contribution were not forthcoming.

It was decided that, in the light of Mr. Stans' reaction, an additional contribution would be made. An additional \$20,000 in cash was turned over to Mr. Stans by Mr. Firestone at a second meeting in Washington on March 14. On this occasion, two personal checks, one from my wife in the amount of \$2,000 and the other from me in the amount of \$3,000, were also delivered to Mr. Stans. I did not attend that meeting either, but understand that, as on the March 9 occasion, there was no discussion with Mr. Stans as to the source of the contribution.

The cash used in making the contribution came from volume discounts from suppliers of Goodyear's foreign subsidiaries. Such amounts were transferred to the United States through normal banking channels from an account maintained in Switzerland. I was never personally involved in the handling of these discounts. I am advised, however, that for a period of time prior to 1967, certain of our European suppliers were directed to deposit volume discounts in an account in a Zurich bank designated "Goyeda," standing for Goodyear deposit account. From time to time amounts were withdrawn from this account and kept under the control and custody of an officer of the company in Akron. No discounts were channeled into this account after 1967 when a new financial officer, B. M. Robertson, took over. The account itself was finally terminated in 1970. There is no longer any cash from this source in the custody of any company official. The amount used in making the contribution was never entered on the company's books as income, and it was never taken on its tax return as a deductible expense.

The \$40,000 contribution that I have described was the only contribution made by Goodyear in connection with the 1972 Presidential election. It was made solely because we thought the reelection of the President was in the best interest of the country. It was not made with a view to obtaining Government favors. Nor was I pressured in any way into making it. Goodyear's total business with the Federal Government, most of which is obtained at competitive bidding, constitutes less than 3 percent of its sales. At the time the contribution was made, the company was not engaged in any significant litigation with the Government and was not aware of any material problems it faced

with any branch of the Federal Government. No Goodyear employee in charge of Government business was aware of the contribution, and there is no indication that any Government official was made aware of the contribution.

In July of this year, company officers voluntarily disclosed to the special Watergate prosecution staff the full details of Goodyear's 1972 contribution to the Finance Committee for the Re-Election of the President. At that time, the company's board of directors was informed of the contribution for the first time. Following such disclosure, the company requested the Finance Committee To Re-Elect the President on August 9, 1973, to return the \$40,000 contribution. The company has received a check from the treasurer of the finance committee, which will be reflected in the company's income for 1973.

Mr. DORSEN. Mr. DeYoung, would you please give the committee some idea of the nature of the business of Goodyear, and the size of Goodyear?

Mr. DEYOUNG. Goodyear is a company that basically manufactures rubber and rubber-related products such as wheels and brakes for planes, trucks, and passenger cars. We manufacture chemicals, polyesters, synthetic rubbers, and other petrochemicals of that type. We are very largely involved all over the world in manufacturing operations. Our sales for the year of 1972 was \$4,076 million.

Mr. DORSEN. Mr. DeYoung, I gather from your opening statement that Mr. Stans did not suggest any particular amount for you or your company to give, is that correct?

Mr. DEYOUNG. That is correct.

Mr. DORSEN. How was the figure, the initial figure of \$25,000, arrived at?

Mr. DEYOUNG. Well, we kicked that around plenty, and we decided that was the least we could do. [Laughter.]

Mr. DORSEN. What do you mean by that?

Mr. DEYOUNG. Well, anything below that figure didn't look like much.

Mr. DORSEN. What did you base that on?

Mr. DEYOUNG. Well, there really wasn't any reason for it.

Mr. DORSEN. Had you heard what other companies—

Mr. DEYOUNG. Not at that time.

Mr. DORSEN. Later on you became aware?

Mr. DEYOUNG. Yes, later on we did.

Mr. DORSEN. To your knowledge, did Mr. Stans ever request that cash be supplied?

Mr. DEYOUNG. No, he did not.

Mr. DORSEN. Why was the contribution made in cash?

Mr. DEYOUNG. Because we had the cash available.

Mr. DORSEN. And the cash that was available had come earlier from the source you described?

Mr. DEYOUNG. From the volume discount account which I have described.

Mr. DORSEN. So that the nature of the fund would be a little clearer, could you give us a possible example of, even a hypothetical one, how the cash might have been generated?

Mr. DEYOUNG. Well, in Europe a lot of your suppliers give a sort of volume discount if you purchase a lot of your materials. As an ex-

ample, if you purchase \$1 million of material for the year, which you may or may not purchase, you may not need that volume, but on the assumption that you do, then you may get a—roughly, say, one-half of 1 percent additional discount, and that would not be known until you completely purchased that amount.

Mr. DORSEN. What would happen to that discount?

Mr. DEYOUNG. Well, in certain companies, it was directed to this bank discount account that I have described.

Mr. DORSEN. And the money was kept on deposit in that account, is that correct?

Mr. DEYOUNG. Yes.

Mr. DORSEN. So, in effect, the documents supplied to the foreign subsidiaries by the suppliers would fail to reflect a quantity discount that was being granted to the subsidiary of Goodyear; is that correct?

Mr. DEYOUNG. I don't quite understand that question now.

Mr. DORSEN. Well, in the documents that would reflect the purchase by the Goodyear subsidiary, there would be no mention, I gather, of the quantity discount.

Mr. DEYOUNG. Well, they don't mention it until you happen to reach that quantity purchase. So there is no mention at all until—in other words, if you had purchases, in your hypothetical example I used, if you only purchase, say, \$950,000, at the end of the year there would be no discount. There is no reason to be any paper to that effect until that is current.

Mr. DORSEN. And the final document would indicate the quantity discount or would that be handled separately?

Mr. DEYOUNG. That is generally handled separately.

Mr. DORSEN. So that the quantity discount would not be reflected in the ordinary document exchange between Goodyear's foreign subsidiaries and the foreign supplies, is that true?

Mr. DEYOUNG. No, not necessarily, because there may be several subsidiaries of different countries purchasing in the same series and they wouldn't know what the quantities were.

Mr. DORSEN. But the companies that made the contributions to the Swiss bank account would not indicate on the invoices or other documents if, in fact, they were paying this quantity—

Mr. DEYOUNG. Well, once again technically I didn't know. I was not involved in this so I can't really describe to you the technical problems that were involved.

Mr. DORSEN. What was your understanding as to the source of the funds, Mr. DeYoung?

Mr. DEYOUNG. Just the way I described, volume discounts.

Mr. DORSEN. No, at the time the contribution was made to the 1972 Presidential campaign, what was the extent of your knowledge at that time?

Mr. DEYOUNG. The source of the funds.

Mr. DORSEN. Did you know they were quantity discounts at that time?

Mr. DEYOUNG. I believe so.

Mr. DORSEN. And you also, of course, knew then they were corporate funds?

Mr. DEYOUNG. Oh, yes.

Mr. DORSEN. Now, after the initial delivery of \$20,000 to Mr. Stans, I gather Mr. Firestone came back to you and expressed what Mr. Stans had told him; is that correct?

Mr. DEYOUNG. That is right.

Mr. DORSEN. And it took you and Mr. Firestone 5 days before an additional \$20,000 was forthcoming?

Mr. DEYOUNG. That is right.

Mr. DORSEN. Along with the \$20,000 in cash on the second occasion was \$5,000 that you and your wife contributed; is that correct?

Mr. DEYOUNG. That is correct.

Mr. DORSEN. And these represented your personal funds—

Mr. DEYOUNG. My personal funds.

Mr. DORSEN. Was there any reason why, in the light of Mr. Stans' request for \$50,000, \$45,000, rather than \$50,000, or less was granted?

Mr. DEYOUNG. We never gave anybody as much as they asked for.

Mr. DORSEN. Did there come a time when you or your associates were contacted with respect to the possible disclosure of the contribution?

Mr. DEYOUNG. Did there come a time?

Mr. DORSEN. Yes.

Mr. DEYOUNG. Yes.

Mr. DORSEN. When was that and how did that occur?

Mr. DEYOUNG. That occurred in April of 1973.

Mr. DORSEN. What happened then?

Mr. DEYOUNG. Mr. Firestone had all the contacts with Mr. Stans on this matter. Mr. Firestone consulted with me throughout and I understand the basic facts to be as follows: In April of 1973, Mr. Stans asked for the names of individuals who had made the \$40,000 contribution in March of 1972. He stated that it was highly probable that the finance committee would eventually have to make public a list of the individual contributors. He said that the committee records merely showed that the contribution came from Goodyear employees.

We first tried to get the money back, but Mr. Stans said that was not possible. After further discussions within the company, we decided to give Mr. Stans the names of eight Goodyear executives, including my own, and divide the \$40,000 among the eight. This was done with the approval of the executives but with a clear understanding that they would not at any time become involved in any perjury.

We gave the names because we thought the company might be harmed by the publicity if it became known that Goodyear had, as a company, made a sizable contribution to either political party.

Mr. DORSEN. Did you personally ask the company executives if their names could be used in response to the request by Mr. Stans?

Mr. DEYOUNG. I did.

Mr. DORSEN. And did each of the employees agree to have his name utilized in this connection?

Mr. DEYOUNG. They did, on the basis that they would not become involved.

Mr. DORSEN. Thereafter, did you or Mr. Firestone receive a letter from Mr. Parkinson asking confirmation of the contributions by the individuals?

Mr. DEYOUNG. They did.

Mr. DORSEN. Is that tab 1 [exhibit 278-1] in the exhibit in front of you?

Mr. DEYOUNG. That is right.

Mr. DORSEN. What was the response of the company?

Mr. DEYOUNG. We replied that we could not confirm these names.

Mr. DORSEN. Is that the document tab 2 [exhibit 278-2]?

Mr. DEYOUNG. Yes, July 11.

Mr. DORSEN. What occurred after that in your communications with the finance committee?

Mr. DEYOUNG. Well, thereafter, during July 1973, we discussed it with counsel. We declined. We then decided to bring all the facts to the attention of the Watergate staff, as I have indicated in my statement.

Mr. DORSEN. Did you ask that the contribution be returned?

Mr. DEYOUNG. We did.

Mr. DORSEN. And was it returned?

Mr. DEYOUNG. It was.

Mr. DORSEN. In connection with that request, was that the first time that you notified the Finance Committee To Re-Elect the President that the funds were corporate funds?

Mr. DEYOUNG. I think it was a day or two prior to that, but I am not sure.

Senator ERVIN. I am informed that there is a vote taking place. We will have to go and vote, so the committee will have to stand in recess until we return.

[Recess.]

Senator ERVIN. Mr. Dorsen, you may proceed.

Mr. DORSEN. Mr. DeYoung, I believe when the committee went to vote, you were discussing the communications you had, or your company had, with the Finance Committee To Re-Elect the President. I asked you if tab 3 [exhibit 278-3] represents communications between your company, your attorneys, and the Finance Committee To Re-Elect the President?

Mr. DEYOUNG. That is correct.

Mr. DORSEN. Mr. Chairman, I ask that these tabs 1 through 3 be accepted as part of the record.

Senator ERVIN. Let the record show that they were received as evidence and will be appropriately marked as exhibits by the reporter.

[The documents referred to were marked exhibits Nos. 278-1 through 278-3.*]

Mr. DORSEN. Mr. DeYoung, with respect to the other officials of Goodyear, am I correct that at no time were they ever asked to make any false statements by you to anybody in connection with their role in the campaign?

Mr. DEYOUNG. That is correct.

Mr. DORSEN. One other matter to clarify something. Mr. DeYoung, you testified during your opening statement that the Swiss account was closed in 1970. At that time, was a sum of money brought to the United States or transferred to the United States?

Mr. DEYOUNG. It was.

Mr. DORSEN. Where was that sum of money kept?

Mr. DEYOUNG. In a safe on company premises.

Mr. DORSEN. In the company offices?

Mr. DeYOUNG. Yes.

Mr. DORSEN. Mr. Chairman, I have no further questions at this time.

Senator ERVIN. Do you have any questions, Mr. Madigan?

Mr. MADIGAN. Thank you, Mr. Chairman.

Mr. DeYOUNG, was the only contact that you had with Mr. Stans your initial meeting with him in February 1972 with respect to your contributing to the Committee To Re-Elect the President?

Mr. DeYOUNG. That is correct.

Mr. MADIGAN. Had you spoken to Mr. Firestone, I believe it is, who talked to Mr. Stans at the two meetings in March of 1972?

Mr. DeYOUNG. Did I speak to Mr. Firestone? I don't understand your question.

Mr. MADIGAN. Right. Did you speak to him concerning what took place at those meetings?

Mr. DeYOUNG. Yes.

Mr. MADIGAN. At any time did Mr. Stans apply any pressure, directly or indirectly, on your company or on Mr. Firestone, to contribute to the Committee To Re-Elect the President?

Mr. DeYOUNG. No pressure except they felt our amount the first time was low.

Mr. MADIGAN. Now, could you tell the committee what the reason was that you decided to give this \$40,000 to the Committee To Re-Elect the President?

Mr. DeYOUNG. Well, on that basis we felt we were low.

Mr. MADIGAN. Pardon?

Mr. DeYOUNG. We felt that what we were giving to Mr. Stans—we were low.

Mr. MADIGAN. I mean why did you decide to give any contribution to the Committee To Re-Elect the President rather than to anybody else?

Mr. DeYOUNG. What do you mean by anybody else?

Mr. MADIGAN. Any of the opposing Presidential candidates. Why did you decide to give money, give a contribution to the Committee To Re-Elect the President?

Mr. DeYOUNG. As I said in my statement, we solely thought it was, the election of the President was, in the best interests of the country.

Mr. MADIGAN. That was your sole reason?

Mr. DeYOUNG. That is correct.

Mr. MADIGAN. Now, do you know of any reason that Mr. Stans should have had to think that you could not have raised the \$40,000 through some source other than corporate sources?

Mr. DeYOUNG. I don't know what his thoughts were.

Mr. MADIGAN. Does your company have any sort of good government fund by which individuals contribute to a Presidential campaign?

Mr. DeYOUNG. We do not.

Mr. MADIGAN. Would it be possible to raise that money through contributions from various executives of the corporation?

Mr. DeYOUNG. Well, I assume if I wanted to bring enough pressure I could but I am not about to do that.

Mr. MADIGAN. Now, if I might ask you a few questions about the Swiss account you utilized to raise the money.

Do I understand your testimony to be that—to use an example—if you had a purchase for \$100,000 and you received a 10-percent discount that \$10,000 would be funneled off into this special Swiss account and that is the money that you used for this corporate contribution?

Mr. DEYOUNG. That is right.

Mr. MADIGAN. And that system stopped in 1967, is that correct?

Mr. DEYOUNG. That is correct.

Mr. MADIGAN. And in 1970 the account was completely closed?

Mr. DEYOUNG. That is correct.

Mr. MADIGAN. The money, the \$40,000 that was contributed, was that money in that account in 1970?

Mr. DEYOUNG. Yes.

Mr. MADIGAN. And since that time has the company engaged in any system to generate cash such as the discount system?

Mr. DEYOUNG. We have not.

Mr. MADIGAN. I believe those are all the questions I have, Mr. Chairman.

Senator ERVIN. Mr. DeYoung, how did this money get from the discount account over in Switzerland to the United States?

Mr. DEYOUNG. By normal business channels, banking channels.

Senator ERVIN. What were they?

Mr. DEYOUNG. We are constantly transferring money back and forth between banks and we are doing business all over and it is just through the normal channels, debit on one and a credit on the other.

Senator ERVIN. Then it wasn't carried by hand from Switzerland to the United States?

Mr. DEYOUNG. Oh, no, not at all.

Senator ERVIN. Now, I will have to be frank to say I don't find your statement, the reason that this company sent this money in two payments of cash, very convincing. I spent a large part of my life as a lawyer, and I did much work for corporations and I have searched my memory in vain since hearing your testimony and I don't recall a single time that a corporation ever paid me a single penny in compensation for legal services except by check. So, wasn't there some reason different than the fact that you had cash that you paid in cash?

Mr. DEYOUNG. Cash has a tendency to get lost.

Senator ERVIN. It particularly has a tendency to get lost from view, doesn't it, as compared to a check?

Mr. DEYOUNG. That is right.

Senator ERVIN. So I would find it more convincing if you had stated that Goodyear sent this \$40,000 of corporate funds down here by cash in order to conceal the fact that it was making a corporate donation. Now, is that not a fact?

Mr. DEYOUNG. That is right.

Senator ERVIN. Yes, fine. And they could have transmitted it down here—if it would have been a legitimate transaction they would have transmitted it down here—in all probability by either sending a letter down here with a check in it and an 8-cent stamp instead of paying the transportation cost of the vice president, to and fro, four times between Washington and England, would it not? Would that not have been the normal thing to do? Either that or let the bank

in England or whatever other bank you had down here in Washington—let them issue a check for it?

Mr. DEYOUNG. That is normal business practice, yes.

Senator ERVIN. Yes. Now, after the election and when Common Cause got to be active in this, Mr. Stans had a conversation with you, did he not?

Mr. DEYOUNG. Not with me.

Senator ERVIN. It was with Mr. Firestone, then?

Mr. DEYOUNG. That is correct.

Senator ERVIN. And he told Mr. Firestone that they needed some names of some individuals that might help to divulge this instead of the name of the Goodyear Co., did he not?

Mr. DEYOUNG. That is correct.

Senator ERVIN. So he was kindly supplied with the names of eight men, corporate executives, who allegedly, or rather were posing as donors of this money when they had not given a single penny of it, is that not correct?

Mr. DEYOUNG. That is correct.

Senator ERVIN. So was that intended to—who was that intended to deceive? Somebody.

Mr. DEYOUNG. Well, really, it was a delaying action.

Senator ERVIN. A delaying action? That was given to Mr. Stans so he could tell the court in the Common Cause suit that?

Mr. DEYOUNG. No, when we were asked to confirm it we denied that.

Senator ERVIN. I know. But as I get it, you say these men would not have gone and committed perjury. That had they been summoned and given, required to take an oath telling the truth they would not have committed perjury but they were willing to have a false representation made that was not under oath, is that not so?

Mr. DEYOUNG. That is correct.

Senator ERVIN. Thank you.

Senator Montoya.

Senator MONTOYA. I do not care to ask any questions, Mr. Chairman.

Senator ERVIN. Senator Weicker.

Senator WEICKER. I notice in your statement, you indicated it was solely because “we” thought the reelection of the President was in the best interest of the country, it was not with a view toward obtaining Government favors, nor were you pressured in any way into making it. Who was the “we” who thought that?

Mr. DEYOUNG. Mr. Firestone and I.

Senator WEICKER. Mr. Firestone himself?

Mr. DEYOUNG. Yes, sir.

Senator WEICKER. Did you step forward and volunteer information to the prosecutor after American Airlines did it? What motivated you to step forward at all?

Mr. DEYOUNG. Because of the publicity we were getting and we found out then that it was very, very serious, what we had done.

Senator WEICKER. Well, the degree of seriousness didn't change. It was serious when you did it. So it was a matter of being discovered or the publicity that was of concern to you?

Mr. DEYOUNG. That is right.

Senator WEICKER. Has any judgment been passed on Goodyear?

Mr. DEYOUNG. There has.

Senator WEICKER. What does that consist of?

Mr. DEYOUNG. October 17, 1973, the special Watergate prosecutor staff filed in the U.S. District Court for the Northern District of Ohio an information which charged both the company and me with having committed misdemeanors in violation of section 610 of title 18, United States Code, by making and consenting to a \$40,000 contribution in connection with the Presidential election of 1972. The company and I pleaded guilty to the charges. Maximum fines which were assessed by the court have been paid, both by the corporation and myself.

Senator WEICKER. What fines were assessed?

Mr. DEYOUNG. \$5,000—the maximum fine was \$5,000 to the company and \$1,000 to me personally.

Senator WEICKER. And the shareholders all will be sharing in the paying of the \$5,000 fine, is that right?

Mr. DEYOUNG. What do you mean?

Senator WEICKER. Well, the \$5,000 fine was paid by the corporation, so in effect, all the shareholders are involved in paying the fine, is that right?

Mr. DEYOUNG. That is correct.

Senator WEICKER. Even though the shareholders weren't consulted as to whether or not they thought the reelection of the President was in the best interest of the country. Nevertheless, they are going to pay for the actions of you and Mr. Firestone. Is that right?

Mr. DEYOUNG. Well, they pay for all actions of the corporate decisions that are made.

Senator WEICKER. Well, I would say it is a pretty sorry day for Goodyear, wouldn't you?

Mr. DEYOUNG. Not necessarily.

Senator WEICKER. Of course, again, it is only a matter of publicity, not of principle, that had you step forward and has you before this committee, is that correct?

Mr. DEYOUNG. That is probably correct.

Senator WEICKER. It is a pretty sorry day.

That is all I have, Mr. Chairman.

Mr. DORSEN. I have no further questions.

Senator ERVIN. Do you have anything further, Mr. Madigan?

Mr. MADIGAN. No further questions.

Senator ERVIN. Thank you, Mr. DeYoung. You are excused. Thank you very much.

Senator WEICKER. Mr. Chairman?

Senator ERVIN. Senator Weicker.

Senator WEICKER. Mr. Chairman, I wonder if I might inquire of the chairman whether or not the committee has received the courtesy of a response to the request that it made of the President of the United States, which request was voted by the committee at its meeting last Tuesday.

Senator ERVIN. No, the committee has not received any response whatsoever concerning the request that the committee meet with the President and receive a statement from the President and exercise the privilege of questioning him on these tragedies known collectively as the Watergate affair.

Senator WEICKER. Might it be possible, then—I really do not know if, in a civilized community, when the Congress cannot even communicate with the President, I think that obviously, serious problems exist. Is there anything further that counsel would suggest that can be done to get a response? I do not care whether—well, obviously, I care, but we do not have either his yes or no. All we have is a series of leaked statements which I hardly consider a dignified response to what I believe was a courteous request by the committee of the President.

Senator ERVIN. Well, I am inclined to think the committee has done all it can do. We have been asking ever since Alexander Butterfield testified here and revealed the fact that conversations with the President had been electronically recorded since the spring of 1971 until after these hearings started. We have asked for those tapes and been refused them.

We have asked for records, memorandums, and documents and other materials under the control of the President which are relevant to the matters this committee is authorized to investigate, and we have not received them. So I see nothing to do except to try to pursue our case. We have a bill passed through the Senate that gives the committee, gives the courts undoubted jurisdiction of the suit brought by the committee for the tapes and certain memorandums, and I am informed by the House Judiciary Committee that unfortunately, it cannot be acted on until after their recess. But I hope that we can pursue that case.

I hope above everything else, that the White House will relent and assist us in our search for the truth in respect to the Watergate affair.

The committee will stand in recess subject to the call of the Chair.
[Whereupon, at 3:25 p.m., the hearing was recessed, to reconvene subject to the call of the Chair.]

EXHIBIT NO. 262-1Box 22
Campaign Strategy TAB G**CAPITALIZING ON THE INCUMBENCY**

Substantial assistance to the Spanish speaking campaign can be provided through use of the control of the Executive Branch. Through this control, we can fill in any gaps in the President's record and generate favorable publicity for the campaign persuasion effort. In addition, a number of Spanish speaking programs are sources of political information.

Bill Marumoto is responsible for submitting a plan to capitalize on the incumbency by May 1. The elements of this plan will be directed to achieving the following end results.

- (1) To develop specific ideas for using grants, personnel appointments and programs to fill out any gaps in the President's record, e.g., appoint a Mexican American to a regulatory commission.
- (2) To set up organizational procedures and contacts with the appropriate White House Staff members and the Executive Branch for accomplishing the above steps.
- (3) To provide the campaign team with up to date information on all programs directed at the Spanish speaking community.
- (4) To use the Departments and Agencies public information offices to publicize favorable Administration activities in behalf of the Spanish speaking.
- (5) To ensure that those Federally subsidized programs which serve as havens for opposition political operatives are closely supervised so that they are devoting all their energies toward solving the problems of the Spanish speaking poor (particularly in September and October).

EXHIBIT No. 262-3

Porter - Dec 71
357

COMMITTEE FOR THE RE-ELECTION OF THE PRESIDENT

CONFIDENTIAL

December 16, 1971

601 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D. C. 20006
(202) 333-0920

MEMORANDUM FOR THE ATTORNEY GENERAL

SUBJECT: Interest Group Reports

Bart Porter and Chuck Colson's staff have compiled extensive reports in four areas -- Spanish-speaking, Labor, Middle America, Ethnic-Catholic. Although these reports are being transmitted to you in full, much of the material in them does not require immediate action on your part. The following summarizes the central direction of each report and gives the decision-points which require your attention now. If you subscribe to the general viewpoint expressed in the following, we will see that copies of the full reports are circulated among the senior members of the campaign staff.

Spanish-Speaking

Spanish-surnamed Americans comprise approximately 5% of the total population (9 million Mexican-Americans, 3 million Puerto Ricans, 700,000 Cubans, the rest scattered). Although this group votes less frequently than other groups, it is significant because of its concentration in such key states as California, Texas, Illinois, New Jersey and Florida. And despite its overwhelming Democratic registration, it is felt that some movement can be induced in its voting habits.

Each group must be handled separately with specially-tailored appeals. Cuban-Americans, upwardly mobile and avidly anti-Communist, are most open to appeal from the President. Puerto Ricans, the nation's most impoverished minority, are least attractable. On the other hand, all Spanish-speaking Americans share certain characteristics -- a strong family structure, deep ties to the Church, a generally hard-line position on the social issue -- which makes them open to an appeal from us if they can be convinced the President has recognized their social and economic problems.

CONFIDENTIAL

2

This is especially true now that the Democratic Party is under suspicion for favoring politically potent blacks at the expense of the needs of the Spanish-speaking people.

The report makes detailed recommendations for highly-visual social and economic development projects and for publicizing the same. It suggests heavy exploitation of the Cabinet Committee on Opportunity for Spanish-speaking peoples which is now closely allied with Colson's shop and Bill Marumoto on political and public relations questions. It advocates consideration of undercover funding of La Raza Unida, a splinter party, in exchange for an agreement that La Raza Unida runs presidential candidates in California and Texas.

The following specific recommendations require your immediate attention:

It is recommended that the Cabinet Committee remain a responsibility of Finch, but that Colson have responsibility for political and public relations questions.

APPROVE _____ DISAPPROVE _____ COMMENTS _____

It is recommended that Magruder be charged with coming up with somebody to direct Spanish-speaking political activity from the Campaign Committee.

APPROVE _____ DISAPPROVE _____ COMMENTS _____

Labor

The organized labor movement in this country is comprised of approximately 21 million people, some 17 million of whom are members of AFL-CIO affiliated unions. It is felt that up until one year ago the Administration was in a strong position with labor, but that the combination of our foreign policy, the Philadelphia Plan, the suspension of the Davis-Bacon Act, the new economic policy, and subsequent events have changed that. There are some significant exceptions. The Teamsters,

EXHIBIT NO. 262-5

Box 19
Mr. RodriguezTHE WHITE HOUSE
WASHINGTON

CONFIDENTIAL

March 2, 1972

MEMORANDUM FOR THE HONORABLE JAMES LYNN

FROM: WILLIAM H. MARUMOTO

SUBJECT: El Diario Editorial

In line with our recent discussion regarding NEDA and our comments of "the tail wagging the dog," I am attaching an editorial written by a NEDA employee opposing the appointment of Cip Guerra as Deputy Director of OMBE.

This is the latest example of the unwillingness to cooperate in a "spirit of cooperation" with the Administration. I think before Commerce signs off on their \$2 million grant, you should sit down with Frank Viega and explain the facts of life.

I would appreciate being kept abreast of this highly important matter.

Attachment

EXHIBIT No. 262-6

ADMINISTRATIVE
CONFIDENTIALTHE WHITE HOUSE
WASHINGTON

March 3, 1972

MEMORANDUM FOR:

CHUCK COLSON

FROM:

BILL (NO) MARUMOTO

SUBJECT:

Weekly Report for Brown Mafia
Week of February 28-March 3

The following action took place this week:

I. Personnel Matters

- a. We have recommended a Los Angeles Chicano for one of the positions on the ICC. Could get a lot of mileage out this one.
- b. Continuing to work on developing Chicano Candidates for the FMC, U. S. Tax Court and the FPC.
- c. Tony Rodriguez compiled and sent a list of Spanish Speaking for any of the 22 advisory committees for USOE.
- d. Compiled a list of 15 key Spanish Speaking leaders regarding the Blair House Dinner.
- e. In the process of compiling another list for invitations to the Sequoia.
- f. Compiled a list of Spanish Speaking for advisory committees at the State Department.
- g. Working with ACTION in an attempt to get them to hire a Puerto Rican for the New York Regional Director job.
- h. Working on transferring the present executive director at the Cabinet Committee to another agency and finding a replacement.

-2-

2. Rodriguez met with Senator Tower's Chicano campaign coordinator regarding a Chicano Republican campaign organization for the Senator.
3. Alex Armendariz and Tony Rodriguez met with Roy Blatchor at OEO regarding a \$200,000 grant to a Spanish Speaking firm in California. The grant is to study and review Spanish Speaking grants that were made last year by OEO.
4. Rodriguez hosted the Board of Directors of the National Hispanic Finance Committee for the Re-Election of the President (the group that plans to raise \$1 million from the SS community) prior and after the testimonial dinner for Maurice Stans last week.
5. Rodriguez coordinated ticket arrangements for 4 people for the Presidential Box at the Kennedy Center.
6. Rodriguez requested several weeks ago, autographed photos of the President be sent to some of our key SS leaders. The request was filled this week and we will continue to do this. Ditto for the Vice President.
7. In conjunction with a speaking engagement I have on March 25th in San Francisco, Rodriguez has arranged for me to meet with the three Regional Directors for Region X who are Chicanos (Labor, HEW and SBA). Will discuss plans regarding the coming months as a follow-up to their meeting with Bob Finch and Henry Ramirez.
8. Attached is a schedule of speaking engagements for our SS appointees for the month of March. As soon as Alex gets his demographic study completed, we will generate more of the engagements so we have some better platforms to speak from, particularly for the Sanchez's, Banuelos', Ramirez's, and Villarreal's.
9. Continued working with Harry Dent's shop and Bob Brown re a Chevrolet dealership in Dallas, Texas.
10. Met with Ray Hanzlit, Dave Werner (OMB), Ramirez, Armendariz, and Conde regarding the SS report to the March 8 Under Secretaries' meeting.

A TRUE COPY

11. The testimonial dinner in Los Angeles on March 19th for our SS Presidential appointees is coming along very nicely. The organizing committee has already reportedly sold 2,000 tickets and are projecting an audience now of 4,000 people composed of 90% Chicanos. The dinner has been moved from the Century Plaza Hotel to the new Los Angeles Convention Center which has much larger facilities. Bob appears to be lined up as the M.C. The Archbishop will also be in attendance.
12. Armendariz and I are scheduled to see Larry Silberman at Labor, Jack Venneman at HEW, and Joe Blatchford at ACTION next week. This should wrap-up the Departments and Agencies we want to cover to date.
13. Arranged a meeting for March 7th with Bob Brown, Henry Ramirez, and Stan Pottinger regarding a black-brown problem we're having in San Francisco.
14. Kicking around an idea of holding a series of briefings for our SS leaders from throughout the country. Format would entail a one-day program centered in the Indian Treaty Room with representatives of the Domestic Council, National Security Council, OMB, and Cost of Living Council making presentations. The idea here would be to give this segment of our country an over-view of the domestic and international scene and not just address ourselves to Spanish Speaking issues and programs. Would appreciate your reaction on this idea.

A TRUE COPY

SPANISH SPEAKING APPOINTEES SPEAKING SCHEDULE FOR MONTH OF M

PHILLIP V. SANCHEZ, DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY

March 2	CAP visit and meeting with community leaders	Houston, Tex
March 3-4	Texas CAP directors and community leaders	San Antonio,
March 4	Testimonial dinner for Edward Aguirre	Sacramento,
March 10	Testimonial dinner for Chairman, Coalition of Hispanic American People, Luis Quiera-Chiesa	New York, N
March 13	Legislative seminar of the National Federation of Steelemen & Neighborhood Centers	Washington,
March 15	Alabama and Tennessee CAP Directors Assn.	Huntsville, A
March 16	Arkansas CAP Directors Association	Little Rock,
March 17-18	U.S. Jaycees	Tulsa, Oklah
March 19	Presidential Testimonial Dinner	Los Angeles,
March 22	Taping - State Economic Opportunity Ofc.	San Francisc
March 23	American Medical Association	Chicago, Illi
March 27	Cornstock Club	Sacramento,
March 28	Testimonial dinner for Bert Gallegos	Denver, Col

HENRY M. RAMIREZ, CHAIRMAN, CABINET COMMITTEE ON OPPORTUNITY
SPANISH SPEAKING PEOPLE

March 3-4	National Urban Fellows Mentor's Conference Georgia State University	Atlanta, Geo
March 11	Spanish Speaking Political Assn. of San Diego County Convention Center	Mission Vall
March 19	Presidential Testimonial Dinner	Los Angeles

SPANISH SPEAKING APPOINTEES SPEAKING SCHEDULE FOR MONTH OF MARCH 19ROMANA ACOSTA BANUELOS, UNITED STATES TREASURER

March 1	TV Interview by U.S. Information Agency from Madrid	Washington, D. C.
March 2	Republican National Committee Leadership Conference Luncheon	Washington, D. C.
March 3	Republican National Committee Leadership Conference Breakfast	Washington, D. C.
March 4	Panel member on TV Interview - WTTG	Washington, D. C.
March 4	Pan American Liaison Committee	Washington, D. C.
March 6	Interview by HEW Voice of America	Washington, D. C.
March 7	Continuation of Readers Digest Interview	Washington, D. C.
March 8	Senate-House Majority Dinner	Washington, D. C.
March 10	Budget hearings on House Committee Approp.	Washington, D. C.
March 11	Women's National Republican Club Luncheon	New York, New York
March 13	All Nations Womens Club visit (guests are from New York, N. Y.)	Washington, D. C.
March 14	Board of Trustees of Federal Womens Award Dinner	Washington, D. C.
March 17	Our Lady of the Lake College	San Antonio, Texas
March 18	San Antonio Mexican Chamber of Commerce Installation of Officers Banquet	San Antonio, Texas
March 19	Presidential Testimonial Dinner	Los Angeles, Calif.
March 21	Soroptimist Club of Los Angeles	Los Angeles, Calif.
March 22	East Los Angeles D.W. Griffith Jr. High	Los Angeles, Calif.
March 23	East Pasadena Republican Womens Club Luncheon	Los Angeles, Calif.

SPANISH SPEAKING APPOINTEES SPEAKING SCHEDULE FOR MONTH OF MARCH 1961CARLOS C. VILLARREAL, ADMINISTRATOR, URBAN MASS TRANSPORTATION, DOT

March 10-20	Traveling with Secretary of DOT in Mexico City	Mexico City, Mexico
March 28	Urban Transportation Advisory Council	Washington, D.C.

DR. XAVIER MENA, DEPUTY DIRECTOR, JOB CORPS, DOL

March 2	AFL-CIO Convention	Pittsburgh, Penn.
March 11	Spanish Speaking Political Association	San Diego, Calif.
March 13-14	Conference on Federal and Private Foundation Programs Related to High Education	San Francisco, Calif.
March 16	EEOC Meeting - Speech - "The Spanish Speaking and Manpower"	Washington, D.C.
March 21	Montgomery College - Speech - "Mexican Americans - Americas Forgotten People"	Takoma Park, Maryland

EXHIBIT No. 262-7

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

March 3, 1972

MEMORANDUM FOR:

BOB BROWN
BILL MARUMOTO
PAUL JONES ✓
ALEX ARMENDARIZ

FROM:

FRED MALEK 

SUBJECT:

Office of Minority Business
Enterprise Grants

Each of you has expressed concern to me recently about the use of OMBE grants. This, obviously, represents an excellent opportunity to make a contribution and gain headway in the Black and Spanish-Speaking areas.

I have discussed this situation with Ken Cole, and we are in agreement on the importance of this program to our efforts. However, if we are to be at all effective in the OMBE area, we must ensure that the White House speaks with a single voice. Ken and I are agreed that that single voice will be John Evans of the Domestic Council staff.

I believe assigning John the complete responsibility in this area can be quite effective and helpful to our efforts. John has the same objectives that you do, and I am sure you will find him most receptive to your inputs and needs. In this regard, I think it would be helpful if at an early stage you each sat down with John to discuss the Blacks and Spanish-Speaking problems respectively to ensure he is fully apprised of your needs and that a meaningful liaison is established.

cc: Ken Cole
Bill Gifford
John Evans

EXHIBIT No. 262-8

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Mo -
Good. Reports see notes.
Please drop Brown Mafia title - it
would look bad if it ever got on
March 17, 1972
Fred

MEMORANDUM FOR:

CHUCK COLSON

FROM:

BILL MOHRARUMOTO

SUBJECT:

Weekly Report for Brown Mafia
Week of March 13-17, 1972

The following action took place this week:

1. Alex Armendariz, Tony Rodriguez and I met with representatives of Harry Dent's, Clark McGregor's and Bob Brown's offices with the grant officials of OEO to discuss ways of improving coordination and more effective means of getting political impact in the grant-making process. Discussion pointed out the tremendous need for a centralized computer capability for all Departments and Agencies whereby one could obtain data regarding grants to any congressional district and/or organization.
2. Armendariz, Rodriguez, Conde and I were all involved in some way regarding the March 19th Testimonial Dinner for the Spanish Speaking Presidential appointees.
3. Armendariz and I met with Under Secretary Silberman at Labor to discuss their role in the Spanish Speaking arena. He appears to be understanding and responsive to our challenges and problems.

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4. Tony Rodriguez distributed 18 tickets for performances for the Presidential Box at the Kennedy Center.
5. On personnel matters, Rodriguez and I worked on the following:
 - a. Advisory Council for the Bi-Centennial Commission.
 - b. Associate Director, Domestic Operations, Action (Level IV).
 - c. Wrapped up the placement of Maurilio Ortiz as Regional Director (GS-16), Community Relations Service, Department of Justice, Region VI (Dallas). Ortiz becomes the 28th Presidential and/or supergrade appointee under the Nixon Administration.
 - d. Over-seeing the paper work on Cip Guerra, proposed deputy director for OMBE (GS-17).
 - e. Rodriguez assisting OMBE in getting SS candidates for field representatives.
 - f. Continue work with Kingsley's operation to place Ed Aponte, Executive Director at the Cabinet Committee in another agency. Labor Department appears to be the best bet.
 - g. USIA just hired Ed Hildalgo as Special Assistant to Frank Shakesphere at USIA (GS-18).
 - h. Continue to work on ^{FPC} FCC and U.S. Tax Court actively looking for SS.
6. Rodriguez and Armendariz met with several hundred state-wide Mexican American Republican leaders and potential contributors in San Diego last Saturday at a reception. It was an opportunity for both men to strike the troops in the field.

-3-

7. In the proposal and grants area, Rodriguez was involved in the following:

- a. Worked with HUD officials re a Chicano Builders Consortium in San Antonio interested in a \$100,000 grant.
 - b. In conjunction with Conde, arranged a signing ceremony for Urban Interface Corporation (Albert Trevino) of Laguna Beach, the grantee; Bob Finch and Carlos Villareal.
 - c. Again in conjunction with Conde, arranging a signing ceremony for a \$646,000 8(a) grant to Professional Placement Services (L. R. Gutierrez) of Kansas City with Bob Finch and hopefully the Administrator of SBA.
8. Rodriguez and I met with Pat O'Donnell re briefings for SS leaders and press. We plan one per month beginning in April in groups of 20 to 25. Rodriguez also working with the State President of LULAC, California, regarding our SS appointees as speakers for their State Convention next month. *Boyd*
Be sure get this done
9. Rodriguez met with Manuel Gonzales, Assistant to the State Republican Chairman of New York regarding the Puerto Rican community.
10. Armendariz, Rodriguez, Ramirez and I attended a reception by a joint Chicano and Japanese Republican group in Los Angeles last Friday in honor of Ramirez and myself.
11. Met with Ben Fernandez and other representatives of the National Hispanic Finance Committee for the Re-Election of the President.
12. Rodriguez arranged to have expenses for three Chicano representatives to fly in for a meeting with Curtis Tarr at the Selective Service system last Wednesday.

-4-

13. I am still working with a Chicano group in San Antonio who are trying to obtain a Chevy dealership.
14. On the L. A. Testimonial, Conde is coordinating a television taping with KMEX in a Meet the Press format. KMEX is part of the Spanish International Network and the show will be seen in New York, Miami, San Antonio and Los Angeles. Participants will be Phil Sanchez, Romana Banuelos, Henry Ramirez and three others. *did to get done*
15. Conde assisted Mrs. Banuelos in re-writing a speech she's going to give in San Antonio.
16. Conde edited the Cabinet Committee Newsletter that is coming out with it's second edition. *Settled down*
17. Conde trying to wrap up the Administration's achievement list. Will want to show you the draft possibly next week.
18. Conde talking to Time Magazine re an article about the SS in the Administration. He is also working on a feature with Esquire Magazine. *Good - sure we follow*
19. Conde met with Nick Reyes regarding the launching of a SS magazine based on the Ebony-Life format. The publishers appear to be very receptive to articles about the SS appointees and Administration achievements.
20. Conde wrote a statement for Armendariz on his announcement as SS director for the campaign committee.

cc: ✓ Fred Malek
 Ray Hanzlik
 Doug Hallett
 Alex Armendariz
 Tony Rodriguez
 Carlos Conde
 Henry Ramirez

EXHIBIT NO. 262-9

MEMORANDUM

THE WHITE HOUSE

WASHINGTON, D.C.

Bot 26

Marumoto = weekly report

ADMINISTRATIVE-CONFIDENTIAL

March 24, 1972

MEMORANDUM FOR:

CHUCK COLSON

FROM:

BILL (NO) MARUMOTO

SUBJECT:

Weekly Report of Brown Mafia,
Week of March 20-24, 1972

The following action took place this week:

1. The Los Angeles Testimonial Dinner for five out of our six Presidential SS appointees was held last Sunday. Despite some of the problems that occurred, the sponsors had 3,000 plus in attendance. This event emphasized the need for better coordination from The White House. There were too many "fingers in the pie" and the inexperience of the sponsors showed in the press coverage, protocol, and program contents.
2. Reviewing the draft of the SS campaign plans that Armendariz developed. Looks very good. Will have a copy to you after we have an opportunity to polish it up.
3. Met with Assistant Secretary Malcolm Lovell (Labor) regarding coordinating manpower grants and supergrade hiring in the SS arena.
4. Met with Howard Phillips, Associate Director for Program Review at OEO regarding coordinating OEO grants in the SS community.

-2-

5. Attended a meeting called by John Evans regarding minority business enterprise. Asked that Armendariz and Rodriguez also be invited. Discussed were recipients of grants for FY 1972 as well as those being considered for additional grants for FY 1972.
6. Armendariz and I worked with Des Barker regarding a news release from the Census Bureau on the SS.
7. Working with Pat O'Donnell and Armendariz to obtain the Vice President for a May 5th or 6th \$100 fund-raiser for the National Hispanic Finance Committee in Miami.
8. Conde is submitting a schedule proposal for the newly appointed OMBE National Advisory Council to meet with the President in the Oval Office some time next month.
9. Rodriguez and I worked on following personnel matters:
 - a. Office of Special Drug Concerns National Advisory Council.
 - b. Regional Manpower Administrator, Region II (New York), Department of Labor.
 - c. Regional Manpower Administrator, Region VI (Dallas), Department of Labor.
 - d. U.S. Tax Court
 - e. Federal Maritime Commission
 - f. Federal Power Commission
 - g. Deputy Director, OMBE
10. Rodriguez and I worked on the agenda for briefings for the SS leaders to begin next month. Will have our ideas to you by next week.

-3-

11. Rodriguez making arrangements for Testimonial Dinners in California and New Mexico for four of our supergrades during the months of April and May: Fernando DeBaca, (Regional Director, DHEW, San Francisco) in New Mexico and Xavier Mena (Deputy Director, Job Corps), Edward Aguirre (Regional Director, Department of Labor, San Francisco) and Joe Casillas (Regional Director, OEO, Denver), in California.
12. Rodriguez met with Commissioner Figueroa, a Puerto Rican from the Governor of Connecticut's office to assist him in coordinating community relations activities with the Department of Justice.
13. Rodriguez met with Bart Porter at I701 to coordinate their respective responsibilities regarding the Spanish speaking Speaker's Bureau.
14. Rodriguez met with the Director of Spanish Speaking Affairs of the Veteran's Administration regarding Spanish speaking participation.
15. Rodriguez met with UMTA Administrator, Carlos Villarreal and his deputy to set aside \$300,000 for one of our Spanish speaking contractors. More details to follow.
16. Rodriguez met with Ray Gonzalez, Deputy Director of SER to assist in their activities with the Department of Labor.
17. Rodriguez met with Claudio Arenas, President of Urban Research Group of Austin, Texas to assist in obtaining a migrant contract at the Department of Labor.
18. Rodriguez wrote a critique on the Presidential Appointees Dinner held last Sunday in Los Angeles, which was prepared for I701.

-4-

19. Rodriguez submitted a request for a telegram from the President to be sent to Mrs. Josefa Arrendendo of Tempe, Arizona. A new elementary school is being named after her and her deceased husband in honor of their work in the community.
20. Rodriguez submitted resumes of attorneys for the Legal Advisory Council at the Department of Commerce.
21. Rodriguez coordinated the invitation, through Joseph Juarez, President of the American GI Forum for April 3rd Blair House Dinner. He is the first Spanish speaking invitee.

cc: Fred Malek
Ray Hanzlik
Doug Hallett
✓ Alex Armendariz
Tony Rodriguez
Carlos Conde
Henry Ramirez

EXHIBIT NO. 262-10

MEMORANDUM

THE WHITE HOUSE
WASHINGTON
ADMINISTRATIVE-CONFIDENTIAL

March 31, 1972

MEMORANDUM FOR: CHUCK COLSON

FROM: BILL (NO) MARUMOTO

SUBJECT: Weekly Activity Report for
Spanish Speaking
Week of March 27-31, 1972

The following activity took place this week.

1. Personnel matters:

- a. Rodriguez submitted a list of names for OEO Regional Advisory Committees.
- b. Rodriguez working with Department of Labor re candidates for regional manpower director for Region II (Dallas).
- c. Rodriguez developing candidates for Director of the Bi-Lingual Program at USOE.
- d. Rodriguez developed candidate for the Bi-Centennial Commission's National Advisory Committee.
- e. A list of SS celebrities is being developed for various purposes. This will include entertainers and athletes.
- f. The papers on the new deputy for OMBE are completed and job will be offered today. This is a WHPO placement.
- g. Rodriguez developing SS candidates for the Federal Power Commission and Interstate Commerce Commission.

-2-

- h. Six SS candidates developed by Rodriguez for the U.S. Tax Court are not heavy enough.
 - i. Continuing to work with John Buggs at the U.S. Commission on Civil Rights re his #2 man.
 - j. Coordinating with Herringer re Ed Aponte's appointment as RMA, Department of Labor, New York.
2. Worked with Finch's office re the NLRB-Farm Workers issue. To resume meeting next week again.
 3. Phil Sanchez met with the President yesterday for a stroking session. Conde arranged for photos which will be distributed immediately for maximum use.
 4. Wall Street Journal is doing a feature on the Administration's efforts with the SS and interviewed Finch, Armendariz, Rodriguez, Conde and myself. This should be breaking — within the next few weeks.
 5. Had an excellent meeting with our three SS regional directors of Labor, HEW and SBA in Region IX last Sunday. We're developing a master plan to generate maximum impact through their respective programs for their region. Will probably use this as a model for the other regions.
 6. Rodriguez met with Congressman Manuel Lujan (R-N. M.) to coordinate a testimonial dinner on April 30 for Fernando DeBaca, Regional Director, Region IX for HEW.
 7. Rodriguez met with Manuel Queveda of Lyn Nofziger's staff to become acquainted and coordinate our efforts.
 8. Rodriguez distributed 9 tickets for the Presidential Box at the Kennedy Center for a performance on March 29th.
 9. Rodriguez is assisting a Cuban group to obtain a \$30,000 grant to provide English as a second language.

-3-

10. Rodriguez met with Homero DelCastillo of the Migrant Affairs, Department of Agriculture to discuss assistance.
11. Rodriguez working with OEO to identify a sole-source contract for migrant studies for one of our SS research firms.
12. Armendariz and I signed off on a \$600,000 SBA/Navy grant to a SS California firm.
13. Rodriguez established a program with some of our regional directors to offer technical assistance in the economic development area to small SS firms in the Southwest.
14. Rodriguez coordinated a reception for Carlos Villarreal on April 8th with the Dallas Mexican American Republicans.
15. Rodriguez worked with Ben Fernandez, President of the National Hispanic Finance Committee regarding the Texas situation. ?
16. Rodriguez and I met with the following re various issues:
 - a. Ray Romero, Deputy Director, Private Programs Division, OMBE
 - b. Xavier Mena, Deputy Director, Job Corps
 - c. Fred Romero, Director, Office of Training and Employment Opportunities, Department of Labor
17. Met with Roy Batchelor, Assistant Director, OEO on Tuesday for a stroking session.
18. Met with Dave Gonzales and Sylvester Gonzales of Los Angeles re assistance on two grants at OMBE.
19. Worked with Ramirez re a grant application at OEO for Joe Reyes of Washington, D. C.

-4-

20. Worked with Conde re an Oval Office schedule proposal for the announcement of the newly-appointed members of the OMBE National Advisory Council.
21. Continuing to work with Wally Henly and Bob Brown re a Chicano Chevy dealership in San Antonio, Texas.
22. Working with Ray Hanzlik and Russ Deane re a proposed Brown Caucus meeting with the President.
23. Conde has completed his first draft of the accomplishments under the Nixon Administration.
24. The next SS appointees meeting is scheduled for April 3rd. Herb Klein will be the guest speaker and will address himself to the communications area. We have also asked him to emphasize the importance of coordinating public appearances with our office, as well as their publicity efforts.
25. Conde and I are working with Stan Pottinger, Director of the Office of Civil Rights at HEW re a Bi-Lingual Education grant. An excellent possibility for an Oval Office meeting.
26. The attached are the speaking engagements for our SS appointees for the month of April.
27. Conde coordinating the appearance of Herb Klein at the opening of a new SS national magazine headquartered out of Denver, Colorado.
28. Conde finished the achievement list and in the process of sending it to Departmental PIO's for accuracy check and additions. Sending only the section pertaining to each one. *Stan Scott and Conde have been meeting all week with Departmental PIO's who have been designated to disseminate minority group information. They have been going over their plans and discussing ways to implement them.

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29. Conde working on a fact sheet for the National Labor Relations Board - Farm Workers Union issue on the secondary boycott.

Attachments

cc: Fred Malek
Ray Hanzlik
✓ Alex Armendariz
Tony Rodriguez
Carlos Conde
Henry Ramirez

EXHIBIT No. 262-11

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

April 7, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL MOYER MARUMOTO

SUBJECT:

Weekly Activity Report for Spanish
Speaking - Week of April 3-7, 1972

The following action took place this week:

1. Developed a plan for visits and Oval Office meetings re the SS for the President and members of the First Family.
2. Arranged for a meeting between Romana Banuelos and George Bell to discuss the three-week strike at her plant with the local union.
3. Met with Frank Carlucci of the Office of Management and Budget to discuss programs regarding the SS.
4. Held our monthly SS appointees meeting last Monday. Following items occurred:
 - a. Herb Klein spoke on importance of good communications and how to use it effectively.
 - b. Henry Ramirez briefed the group on the NLRB-Farm Workers Union situation. Conde developed a fact sheet with the cooperation of NLRB and Department of Agriculture.

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- c. Tony Rodriguez discussed the briefings that are planned for SS leaders; the SS Speaker's Bureau; and recent full-time and advisory appointments.
 - d. Carlos Conde discussed the SS fact sheet and requested appointees review it for accuracy, etc.
 - e. Ray Romero of OMBE discussed a proposed conference for SS to be jointly sponsored with the CCOSS in July at the Air Force Academy. It will be focused on the needs and priorities of the SS in the seventies and will be limited to approximately 150 SS leaders throughout the country.
5. Conde worked with the Treasury PR people on the Banuelos bill signing last Wednesday. It hit the media yesterday and we should get a lot of coverage on this one.
 6. Conde met with a staffer of La Luz, the new national SS magazine a la Life, to discuss feature articles in the ensuing months. The first edition had a favorable article on the Cabinet Committee. Banuelos and Conde will be at the magazine's dedication ceremonies in Denver this month.
 7. Resubmitted a request to the Vice President's office to appear at a \$100 a plate black tie dinner in Miami sponsored by the National Hispanic Finance Committee of the Committee for the Re-Election of the President some time in the next few months. Armendariz also working on it from his end.
 8. Working with Ray Hanzlik of Bob Finch's staff on the NLRB Farm Workers Union situation to develop a game plan.
 9. Continuing to work with Russ Deane of Clark McGregor's office and Hanzlik re the proposed Brown Caucus meeting with the President.
 10. In the grants area, Rodriguez and I are working on the following:
 - a. Reviewing with John Evans, Bob Brown and Wally Henley proposals and grants at OMBE to make sure the right people are being considered and receiving grants from OMBE.

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-3-

- b. Working with Conde and Stan Pottinger regarding the Oval Office announcement of the Bi-lingual/Bi-cultural Spanish speaking television series for later this month.
- c. Worked with the OEO Region IX Director to distribute \$200,000 to \$250,000 grant monies to 3 to 4 Chicano groups.

11. The following personnel actions occurred:

- a. Rodriguez developed a half dozen candidates for the Federal Power Commission and the Inter-State Commerce Commission.
- b. Kept on top of the progress re the appointment of Ed Aponte as Regional Manpower Administrator, GS-16, Region II (New York), Department of Labor; Cip Guerra as Deputy Director, GS-16, OMBE; and also the directorship of the Bi-lingual Education program at OE.
- c. Working with Bill Brown, Chairman of EEOC re the appointment of Pedro Esquivel as the Regional Director in Denver.
- d. Working with ACTION re Regional Director, Region I (New York). Have recommended a Puerto Rican; and Assistant Director for International Operations.
- e. The National Advisory Council for the Bicentennial Commission has accepted our recommendation to appoint Dr. Frank Angel, President of New Mexico Highlands University as a member.

12. Rodriguez met with representatives of Tuscon, Arizona, regarding preserving the name of a historical home which the Arizona Historical Society wanted to change from Carrillo Fremont House to John Charles Fremont House. He talked to Senator Fannin's people in reference to this matter. Mrs. Nixon is scheduled to be at the dedication ceremonies and the Chicano community was going to picket. Connie Stuart wired in on situation.

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13. Rodriguez talked with Lee Pierson of OE to get some of our people on the forthcoming openings on two HEW commissions.
14. Rodriguez discussed with Dave Wimer, Department of Labor, about a project being conducted in the country of Panama by two Spanish speaking representatives of DOL. It appears that AID wants the task force meeting to exclude our Spanish speaking. He got involved because AID does not have any Spanish speaking to do that work. The main person involved is Jim Silva.
15. Rodriguez working with Fred Romero at DOL in the funding of La Causa Comun, a Puerto Rican group. We have tried to be of assistance in this area, but found that the group is not on the up and up. Dr. Romero told Rodriguez that they are using someone else's proposal to obtain funding for themselves. They are strictly anti-Mejicano and are playing it to the hilt.
16. Have been involved in the recruiting and placement of candidates for the Regional Director of EEO in GSA for Chicago and Dallas. The two candidates have been Carlos Ruiz, Chicago, and Zeke Rodriguez, Dallas. Both are Republicans.
17. Rodriguez was called by Jose Lopez re the forthcoming "Chicano meeting" being held in San Jose, California, April 22-23, to meet with approximately 10-15 leaders of their meeting.
18. Rodriguez met with Jesse Bojorquez, President of Bronze Research Associates, Los Angeles, California, regarding a \$60,000 grant from the Office of Economic Opportunity-San Francisco, for his group.
19. Scheduled Phil Sanchez to be at a fund raising reception on September 21st in Sacramento. The affair is being put together by the National Hispanic Finance Committee.

-5-

20. Rodriguez met with the newest of our supergrades, Edward Hidalgo, GS-18, USIA, to give him the background of what our SS group is doing, and he has promised to fully cooperate.
21. Rodriguez worked on the activities for the 16th of September (Mexico's independence from Spain) for the Chicago community speakers.
22. Rodriguez and I met with the Executive Director of Youth Opportunities Foundation, Felix Castro, who is involved in obtaining scholarships for Mexican Americans in East Los Angeles. We will help to get funding from OEO for approximately \$200,000.
23. Rodriguez has been in contact with Richard Zazueta, the Chairman of the Ad-hoc Committee on Manpower that met with Assistant Secretary Lovell this week and opened up lines of communication between their group and ours.

cc: Ray Hanzlik

✓ Alex Armendariz

Tony Rodriguez

Carlos Conde

Henry Ramirez

Tom Korologos

EXHIBIT NO. 262-12

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

April 21, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL MOYER MARUMO TO

SUBJECT:

Weekly Activity Report for
Spanish Speaking
Week of April 17-21, 1972

The following action took place this week:

1. Worked on proposal re the June visit of President Echeverria of Mexico. Had in-put from Armendariz, Ramirez, Conde, Sanchez, Telles, and Rodriguez.
2. Armendariz and I met with representatives of the Southwest Council of La Raza re their interest in obtaining federal funding. We are in the process of evaluating the pros and cons of funding them.
3. Rodriguez and I met with a dozen or so Chicano employees at OE in the GS-13-15 area who were interested in what the Administration was doing for the SS. Had a very good meeting.
4. Contacted several colleges re honorary doctorates for Phil Sanchez or Romana Banuelos for this year's commencement. Should get some good mileage out of it if we can swing it.
5. Met with Irv Kator of the Civil Service Commission and Gene Costales, director of the President's 16-Point Program, to impress upon them the importance of the program and the need to have a Puerto Rican in the #2 spot.

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6. Met with Fred Malek and Dave Parker along with the other project managers re scheduling activities for the President and members of the First Family.
7. Met with Betty Williams special assistant to Joe Blatchford at Action, re grants in the Foster Gransparents program as it relates to the SS and in particular, in California and Texas. It appears they will be able to develop some grants in a few key counties.
8. Rodriguez and I met with Don Dunlop at SBA re grants to the SS from his agency. He has already been most cooperative and helpful in assisting some of our SS friends.
9. Armendariz and I attended a meeting re the Farm Workers Union-NLRB situation. Others there included Bob Finch; Larry Silberman, Under Secretary of Labor; Phil Olson representing Dick Lyng, Assistant Secretary at Agriculture.
10. Spoke to Bill Blair of Bob Brown's staff and Henry Cashen re the Chevrolet dealership for a Chicano group in San Antonio. We see scoring a lot of points if we can help on this one.
11. Attended the CCOSS meeting yesterday. They discussed the NLRB-Farm Workers strike; President's 16-Point Program; Regional Council visits; the Committee's long-range plans; etc.
12. Met with Banuelos, Telles and Gallegos re their speaking engagements between now and the election in the 44 key counties Armendariz has identified. Saw Sanchez last week on this matter and will see Villarreal next week to complete the discussions with our Presidential SS appointees.
13. Had lunch with Ben Fernandez, and three Cubans from Miami re stroking them for the National Hispanic Finance Committee. Between the three we will be raising \$100,000 plus.
14. Working on the second cut re Presidential and First Family activities in the SS arena during the ensuing months. Deadline is Monday.

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15. Working with Larry Silberman's office at Labor re a \$2 million manpower grant for the American GI Forum which addresses itself to training Vietnam SS veterans.
16. Asked the RNC to stop distribution of their SS fact sheet which doesn't appear to articulate the President's accomplishments in the SS area.
17. Discussed with Armendariz, Rodriguez, Conde and Ramirez a better means of utilizing the Banuelos dollar bill project; i. e., encasing it in plastic which would cost only about 65¢ each.
18. Worked up a schedule proposal at the request of Dave Parker re the President visiting a bi-lingual program in Orange County.
19. Requested appearance of the Vice President for a \$100 a plate dinner in Miami for the National Hispanic Finance Committee.
20. Suggested to the both of you that four of our high-level SS appointees be included in the President's proposed trip to Texas on April 30th.
21. Suggested to Armendariz that some time in the near future he schedule a meeting with John Mitchell and the National Hispanic Finance Committee Executive officers. We need to continue stroking these guys.
22. Rodriguez lining up Ed Nixon for a couple of testimonials coming up next week.
23. Rodriguez met with a group of Cubans from Miami who want to contribute \$100,000 to the campaign but not through the National Hispanic Finance Committee. Will keep you abreast of his progress.
24. Rodriguez met with Jose Useva, Republican State Chairman for Puerto Rico to discuss appointing some of their key people on Presidential Boards and Commissions. He also met with Maimie Pieras, the Puerto Rico State Nixon Chairman re assistance in their fund raising activities and positions with the Administration.

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25. Rodriguez working on following activities:

- a. May 13 - Testimonial Dinner for Antonio Machado-Miami.
- b. May 21 - Fund raiser with Bob Finch sponsored by the National Hispanic Finance Committee.
- c. May 11 and 19 - Cocktail reception with Banuelos sponsored by the Nixon State Chairman in California.
- d. April 21 - Fund raiser with Phil Sanchez sponsored by the National Hispanic Finance Committee in Sacramento.
- e. April 29 and 30 - Fund raiser with Henry Ramirez in East Los Angeles for the National Hispanic Finance Committee.

26. Rodriguez met with Art McZier of SBA re publicity for SBA's Minority Business Enterprise program.

27. Rodriguez working with the three Chicano regional directors of Region IX re the game plan involving employment, funding and publicity for the SS in that region.

28. The following action took place in the personnel area:

- a. Rodriguez and I met with SS representatives of HEW re their 16-Point Program. They're having problems effectively implementing their program.
- b. Rodriguez assisting Armendariz and the November Group re hiring of a consultant to head the advertising section for the SS.
- c. Rodriguez monitoring the selection of the new director of the Bi-lingual program at OE.
- d. Ed Aponte, the #2 man at the CCOSS will join the Labor Department on Monday as a consultant and will soon thereafter become the Regional Manpower Administrator for Region I.

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- e. Cip Guerra, the proposed #2 guy at OMBE still hanging on re getting a GS-17 rating. Monitoring this at Commerce.
 - f. Submitted Chicano candidates for either the FPC or ICC vacancies.
29. Conde helped Mrs. Banuelos prepare her speech for LULAC gala in Chicago on Saturday.
 30. Conde taped a TV program for a San Francisco television station. Discussed his job in the White House and covered general Spanish Speaking topics.
 31. Conde submitted allist of Mexican American farm owners and a status sheet on the San Antonio manpower training center.
 32. Conde helped to coordinate press coverage for Carlos Villarreal's visit to Dallas which included reception and press conference.
 33. Conde rewrote Oval Office proposal for National Economic Development Association.
 34. Conde helped obtain press credentials for New Jersey Spanish language newspaper which wants to cover Vice President Agnew's speech in New Jersey on Saturday night.
 35. Conde held reorganizational meetings with Cabinet Committee public information staff and assigned new responsibilities.
 36. Conde worked on quote by Mrs. Banuelos to be used in a pamphlet displaying the signing of the national currency.
 37. Conde is putting final touches on final achievement list and is working a final media plan to fit the coming months.
 38. Met with Ray Maduro of the Selective Service System re super-grade positions for minorities. Would be an excellent opportunity to do this.

cc: Ray Hanzlik
 Alex Armendariz
 Carlos Conde
 Henry Ramirez
 Tony Rodriguez
 Tom Korologos

EXHIBIT No. 262-14

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE - CONFIDENTIAL

April 28, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (MO) MARUMOTO

SUBJECT:

Weekly Report for Spanish Spea
Week of April 24-28, 1972

The following action took place this week:

1. Submitted on Monday, schedule proposals for the months of May through November, for the President and members of the First Family. Input on this was coordinated by Tony McDonald. He's been assisting us when he's not busy with Bill Rhatican or Don Johnson.
2. A number of us, Henry Ramirez, Alex Armendariz, Carlos Conde, etc. and myself, have each spent some time with the publishers and editors of La Luz, a Mexican American version of Life Magazine that is just getting off the ground. They need assistance in obtaining national advertisers which we've given them leads. Of equally importance, we got them committed to writing at least one feature per month on the Nixon Administration.
3. Ramirez and I are working very closely with Under Secretary Silberman re a \$2 million manpower grant for veterans to the American GI Forum. There are some problems on the grant and we are working out the best possible solution for all concerned.

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4. Rodriguez and I met with Al Solano of Assistant Secretary Pat Hitt's staff at HEW re their grants to SS groups. He appears to have final sign-off authority and want him tracking with us.
5. Rodriguez, Dan Todd and I are working on a \$2 million plus HUD project in East Los Angeles that is having some problems. We will be meeting with Under Secretary Van Dusen on Monday on this matter.
6. Ramirez and I have met individually with Al Villalobos, the Executive Director of NEDA, re mutually assisting each other. Up to now, he has been the chief trouble-maker from that organization to everyone here.
7. Lunched with Carlos Villarreal yesterday to discuss his speaking schedule for the ensuing months and other SS matters.
8. Rodriguez and I met yesterday with Pete Villa, national president of LULAC and Richard Zazueta re the Labor \$2 million manpower grant.
9. Conde, McDonald and I worked on the Bi-lingual Drop-In in Santa Ana, California involving Julie on Wednesday, May 3rd.
10. We have developed the master plan for the SS Speaker's Bureau and it is now being reviewed by Alex Armendariz at 1701.
11. Rodriguez is working with Ben Fernandez on a master list of his fund raising activities so we can plug in our speakers.
12. Rodriguez coordinated a meeting between the Black appointees executive committee and our group, headed by Phil Sanchez. The request came from Assistant Secretary Samuel Jackson, HUD.
13. Rodriguez is working with Pat O'Donnell to get a Cabinet level speaker for the California State LULAC convention on May 27.
14. At their request, Rodriguez will be meeting with the Mexican American Advisory Committee of the Republican Party of Texas this Saturday, April 29. They are asking for some direction as they are highly disorganized. This has been cleared through Senator Tower's Office.

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15. Rodriguez coordinated with the California Re-election Committee for the President (SS section) the appearance of Mrs. Banuelos on the 16th of May on a school and hospital tour, plus activities with Mexican American Republican women in Riverside and San Bernardino areas.
16. Rodriguez is working with Lee Pierson at the Office of Education to help locate funds for Mexican American scholarships for the Youth Opportunities Foundation which is headed by one of our guys.
17. Rodriguez is obtaining names of our supportive people for funding and grants from our three Mexican American regional directors in San Francisco.
18. The following action took place in the personnel area:
 - a. Interviewed two prospects for Armendariz for his staff.
 - b. Rodriguez and I met with Sam Singletary, Assistant Director of Minority Affairs for ACTION and Art Palacio also of ACTION re hiring more minorities.
 - c. Rodriguez and I met with Ray Maduro of the Selective Service System re hiring of more minorities.
 - d. Rodriguez worked with GSA in finding a Regional Director for OEO for their Chicago office. Carlos Ruiz has been selected for this position.
 - e. Rodriguez developed candidates for a GS-16 slot at the Office of Education. The position is Assistant to Dwayne Mattheis, Deputy Commissioner for School Systems.
 - f. Rodriguez developed new candidates for the Deputy Regional Manpower slot in Dallas - working with Dave Wimer on this one.

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- g. Rodriguez is working with Bill Oldaker in developing candidates for their ten new supergrade slots at EEOC.
 - h. Rodriguez developed candidates for the Deputy to the Director of the President's 16-Point Program at the Civil Service Commission. He is working with Gene Costales on this.
15. Conde spoke to John Horton of RNC's "Monday" on the feeding of Spanish Speaking issues generated by the opposition which they can help answer. He sees them in his weekly review of news clips but it is difficult to respond to them because of the political implications but "Monday" can do it very well.
 16. Conde met with E. B. Duarte of Southwest Council of La Raza. He will write a story for their publication on OEO director Phil Sanchez.
 17. Conde participated in a meeting in Ken Clawson's office with Ray Hanzlik and OMB officials to discuss media plan for announcement in early June of more than 40 million dollars earmarked for Spanish Speaking projects in six key regional areas. His office will produce a fact sheet on the regional council concept and also assist in the preparation of statistical data. They will coordinate the media plan to announce the \$40 million.
 18. Conde is working with Department of Labor's minority PIO Don Smythe on a minority media seminar on June 7 sponsored by the Labor Department. He and Stan Scott will participate. There will be four Spanish Speaking media reporters and they'll arrange a briefing on the President's Spanish Speaking record in the afternoon.
 19. For the past two weeks Conde has been spending considerable time with the Cabinet Committee's public information section putting a reorganization plan into effect and helping implement some projects that came from the reorganization.
 20. Diana Lozano has been assisting Conde in preparing the final Administration achievement list. All materials have been collected and checked and the revisions are now being typed.

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21. Conde is also preparing an updated media plan for the Spanish Speaking that tells what has been done to date, how it is being done and what is being proposed for the coming months.
22. We provided Julie Eisenhower at her request (via Dave Parker's office) a copy of the Administration's achievement list. Since it was in the completion stage, we provided a draft copy with penciled corrections and insertions. We will provide a final copy to her on Monday.

cc: Ray Hanzlik
✓ Alex Armendariz
Carlos Conde
Henry Ramirez
Tony Rodriguez
Tony McDonald
Tom Kerologos

EXHIBIT NO. 262-15

MEMORANDUM

*Box 216
manuato - weekly report*

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

May 5, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (MO) MARUMOTO

SUBJECT:

Weekly Activity Report for the
Spanish Speaking
Week of May 1-5, 1972

The following action took place this week:

1. Alex Armendariz and I met with Under Secretary Dick Van Dusen at HUD re a \$2 million plus Chicano project for East Los Angeles. It appears that HUD will be able to resolve some problems they were having on this project very shortly.
2. Armendariz and I met with Manolo Reyes, the Latin American News Editor of WTVJ in Miami. He is a well-respected news man in the Cuban community that we were stroking.
3. Our "team" developed recommendations of SS guests for President Echeverria of Mexico's State Dinner and submitted to you yesterday.
4. Armendariz gave an excellent briefing on the SS portion of the campaign plans at the SS appointees meeting last Tuesday. Ramirez covered the NLRB-Farm Workers situation and we also discussed recent SS appointments, speakers bureau and grants.
5. Discussed with Tom Korologos a May 16th Mexican American Parliamentary Oval Office meeting and suggested Henry Ramirez be included in a meaningful way.

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6. Worked with Ben Fernandez, Chairman of the National Hispanic Finance Committee re prospective donors and activities.
7. In the grants area, the following transpired:
 - a. Department of Labor:
 - (1) Rodriguez working out arrangements re the announcement of a \$6.5 million Yellow Bus grant in seven cities in Texas. Suggested Ramirez and Senator Tower jointly announce it in Texas.
 - (2) Ramirez and I are working out arrangements for a \$2 million manpower grant for SS veterans which also includes a Puerto Rican veterans group in New York City.
 - b. Department of Transportation: working with UMTA re a \$70,000 grant to J. A. Reyes Associates of Washington, D. C. He is the Chairman of the D. C., Maryland and Virginia section of the National Hispanic Finance Committee.
 - c. OEO: working with the Region IX Regional Director re a grant for Evaluation, Audits and Systems in Education (EASE) of Los Angeles.
8. Rodriguez working with Fred LaRue re a Chicano owned and managed bank in San Antonio, Texas.
9. Rodriguez completed the plans for the Spanish Speaking Speaker's Bureau for 1701.
10. Rodriguez coordinating speaking arrangements for:
 - a. Ed Nixon appearance for Dr. Antonio Machado's testimonial in Miami, Florida on May 13.
 - b. Romana Banuelos' appearances in Los Angeles at a bi-lingual school and a Mexican American hospital on May 16th and for political appearances on June 2 and 3 in San Francisco and Orange County.

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- c. Working on a Cabinet-level official for the inauguration of the first branch of the University of Mexico in the United States which will take place in San Antonio.
- 11. Rodriguez met with Nick Lugo, Jr., Director of the Commonwealth of Puerto Rico Migrant Division, Department of Labor, re relationships between one of the New York Puerto Rican groups and The White House SS Task Force.
- 12. Rodriguez is in the process of developing a list of all SS federal employees (grades GS-14 and up) for various uses by 1701.
- 13. Rodriguez distributed 21 tickets for the Presidential Box at the Kennedy Center.
- 14. The following occurred in the personnel area:
 - a. Rosa Maria Fontanez, a Puerto Rican, to be Deputy Director (GS-14) of the President Sixteen Point Program at CSC.
 - b. Developing some positions at ACTION.
 - c. Bringing in two Mexican American Democrats from California next week for the Democratic vacancy on the ICC. Also interviewed Ed Garcia who bombed.
 - d. Working on candidates for the Executive Director's slot at the Cabinet Committee.
 - e. Recruiting for Regional Director of EEOC, Dallas, Texas.
 - f. Met with a Puerto Rican group last Tuesday re recruiting more of them into high-level positions in the Administration.
 - g. Conde, Rodriguez and I attended the swearing in of Jorge Cordova, General Counsel of ACTION yesterday.

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- h. Met with Louis Nunez, the Deputy Staff Director-designate of the U.S. Commission on Civil Rights re various matters.
15. Armendariz, Rodriguez and I met with Phil Sanchez's PR man to discuss his public appearances and to stress the importance of properly scheduling him in the key states.
 16. The Administration achievement list has been completed in final draft and has been distributed to pertinent people for a final review.
 17. Conde has completed an updated Spanish speaking media list. It has been made available to the Committee for the Re-Election of the President.
 18. Conde is still holding twice a week meetings with the Cabinet Committee and is presently working on upgrading the Newsletter and plan to install a two-a-month production schedule.
 19. Carlos Villarreal is speaking to the LULAC Convention in Austin, Texas. It is an important meeting so Conde has been working with his PIO to make sure that the speech is targeted correctly and the media is altered. A press conference is scheduled.
 20. Conde has been working with Mrs. Banuelos on her trip to Arizona for two appearances. At her request, he has agreed to accompany her to help her with the press and to then, offer suggestions on how to improve her poise with them.
 21. Conde interviewed Phil Sanchez for a magazine article which he is writing for a Southwest Council of La Raza publication.
 22. Conde met with a PIO representative from OMBE to plan a Spanish speaking brochure. This is part of the Spanish Speaking media plan and it will be done in Spanish and English.

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23. Conde met with Raul Comensanas, publisher of La Nacio and a Cuban community leader in New Jersey. Comensanas wanted to brief Conde on the upcoming Cuban demonstration in Washington on May 20 to protest Nixon's trip to Moscow. They will present a statement at the White House gates to a Presidential representative--or hope to. There is a possibility that Conde will get the statement a week before the event.
24. Conde will be in Arizona on Thursday and Friday with Mrs. Banuelos and on Saturday at the LULAC Convention with Ramirez and Villarreal.

cc: Ray Hanzlik
✓ Carlos Conde
Alex Armendariz
Henry Ramirez
Tony Rodriguez
Tom Korologos
Tony McDonald

EXHIBIT NO. 262-16

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

May 12, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL MO) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of May 8-12, 1972

The following action took place this week:

1. Rodriguez and I met, along with representatives from Bob Brown's office and 1701, Under Secretary Lynn and John Jenkins, Director of OMBE re funding proposals to Spanish Speaking and black groups. This is about the third such meeting we've had to either approve or disapprove funding proposals from OMBE. We are generating some new proposals from the SS in key states.
2. Rodriguez and I met with Pete Mirales of OEO who now is coordinating all SS grants.
3. All of our team has been intimately involved in the activities re the President's Vietnam speech. We've generated telegrams, letters to the editor, and Armendariz and Conde are putting together a major rally in Miami for next week.
4. Armendariz and I met with Ray Hanzlik and Russ Deane re the Brown Caucus proposal to meet with the President. Details still being worked out.

-2-

5. Armendariz, Conde, Rodriguez and I met with Lou Churchville, Phil Sanchez's PR guy re Sanchez's speaking platform the next few months and in particular, to properly program him in terms of platforms and context.
6. Our group met with Fred Malek today to discuss the SS Speakers Bureau.
7. Had Howard Hunt check out Enrique Huertas, President of the Cuban Medical Doctors in Exile. (Report attached)
8. Working with Under Secretary Lynn, Tom Kleppe, Ray Hanzlik and Armendariz re accusations of improprieties against Ben Fernandez, President of the National Hispanic Finance Committee, by Congressman Henry B. Gonzales (D-Texas). He is also charging two Texas Mexican Americans of the same. We are convinced after some checking that there is no truth to the charges.
9. Working with Hanzlik re Finch's participation in a testimonial for Tony Rodriguez in San Antonio next month.
10. Personnel action:
 - a. Rodriguez and I hosted two candidates for the CC this week. One of them Rudy Montejano, a Chicano Democrat from Santa Ana, California, has been selected for the vacancy becoming the first person of SS background to be named to a federal regulatory Commission.
 - b. Working with Department of Labor re Ed Aponte and his status on his supergrade.
 - c. Rodriguez sent resumes of attorneys to Richard Crawford at the NLRB.
 - d. Rodriguez working with Dave Wimer in getting candidates (Puerto Rican) for Director of the DOL Women's Program.
11. Rodriguez spoke on the Washington, D. C. Radio Program Confetti. Talked about the President's activities regarding the Spanish Speaking.

-3-

12. Rodriguez is coordinating a meeting with the SS regional directors in Dallas to brief them on how they can be of assistance in the campaign.
13. Rodriguez met with Roy Batchelor, Assistant Director of Office Operations, OEO, and his staff to discuss how their section could help us with different projects at the White House.
14. Rodriguez obtained the endorsements of the National Presidents of LULAC and the GI Forum, Pete Villa and Joseph Juarez respectively, for the President's action in Vietnam this week.
15. Rodriguez briefed Congressman Barry Goldwater's people on SS programs. The redistricting put the Congressman into a large Mexican American area.
16. Rodriguez met with Carlos Villarreal, Administrator of UMTA, to talk about setting aside specific monies for some of our Republican SS contractors.
17. Rodriguez briefed Ed Nixon on his appearance at the testimonial for Dr. Antonio Machado this Saturday. Also advised his speech writer.
18. Rodriguez is logistically putting together Henry Ramirez' Texas appearances for fund raising purposes during the month of May.

cc: Alex Armendariz
Ray Hanzlik
Tony Rodriguez
Carlos Conde
Henry Ramirez
Tom Korologos
Tony McDonald

EXHIBIT No. 262-17

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

May 19, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILLY M. MARUMOTO

SUBJECT:

Weekly Activity Report for the
Spanish Speaking
Week of May 15-19, 1972

The following action took place this week:

1. Tony McDonald and I developed at the request of Gordon Strachan a memo from Haldeman to Secretary Rogers re President Echeverria's visit in June. Our task force is now developing guest lists for the State Dinner, arrival ceremonies, and the luncheon to be held by Secretary Rogers. Will be meeting with Bus Masbacher's staff next week re the Secretary's luncheon.
2. Assisted Alex Armendariz in arranging the receiving of signatures from the Cuban community this afternoon.
3. Working with Under Secretary Lynn of Commerce, Tom Kleppe of SBA and Ray Hanzlik re accusations of impropriety brought against Ben Fernandez while he was president of NEDA by Congressman Henry B. Gonzales.
4. McDonald wrote a strong memo from the both of you to the Vice President's staff re his appearance before the American GI Forum next month.

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5. Five of our Presidential appointees were invited last Tuesday to the Oval Office meeting with the Mexican Parliamentarians. Conde will use photos of them with the President for publicity purposes.
6. Rodriguez, Ramirez and I met with Ray Romero of OMBE re a Spanish Speaking Conference that will address itself to their challenges and problems late summer or early fall.
7. Pat Sagon of Medill News Service interviewed me at Conde's request re the Spanish Speaking. Her chain covers the Texas scene.
8. Rodriguez and I met with Art McZier, Assistant Administrator for Minority Enterprises at SBA re grants and contracts to SS organizations.
9. Met with Carlos Villarreal re miscellaneous matters pertaining to the SS.
10. Will be meeting with 20 to 25 Cubans in Miami tomorrow re the National Hispanic Finance Committee's fund-raising efforts. These are men who are prospects for \$1,000 contributions.
11. The following took place in the personnel area:
 - a. Cip Guerra officially accepted the deputy's slot (GS-17) at OMBE and will be on board in about three weeks.
 - b. Rodriguez and I met with Dan Kingsley and Ray Hanzlik re strategy on the Executive Director's slot for the CCOSS.
 - c. Working with Kingsley, Ramirez and Rodriguez re the dismissal of Ed Pena, Director of Compliance at EEOC.
 - d. Working with the National Institute of Education re staffing needs in the minority area.
 - e. Rodriguez developing Puerto Rican candidates for the SS coordinator (GS-15) at HUD.

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- f. Assisting Armendariz re Adolf Echeveste on Governor Williams' (Arizona) staff. He wants to hire him as one of his field men at 1701.
- g. Rodriguez and I are working with Roger Crampton re SS candidates for Public members on the Administrative Council of the United States.
- h. Rodriguez is recruiting for Puerto Rican candidates for Deputy Regional Director positions in Philadelphia and New York for the EPA (GS-16).
- 12. Phil Sanchez, Henry Ramirez and Tony Rodriguez met with Assistant Secretaries Sam Jackson, Sam Simmons, James Johnson and Norman Houston to open lines of communication between Black and Brown appointed officials.
- 13. Briefed members of VA working on a Spanish Speaking Van Project to start in July in Austin, Texas.
- 14. Rodriguez is coordinating with SER (Joe O'Campo) the speakers, tours and guests for their June National Directors meeting here in D. C.
- 15. Rodriguez met with the Chairman of the Hispanic Baseball Association, Osvaldo Vega, from New York (Puerto Rican) to help them obtain a grant for \$200,000 for funding a proposal for graduates of a manpower program.
- 16. Rodriguez generated an invitation for a speaker for the GI Forum State convention in San Diego on June 23rd. The speaker will be Carlos Villarreal.
- 17. Rodriguez met with the state director of the Spanish Speaking Committee for the Re-Election of the President in California, Rafael Vega, Sr., to coordinate special events for our super-grades in the California area.
- 18. Rodriguez is assisting Ultrasystems, Inc., of Long Beach, California with a \$200,000 grant from OMBE. This organization strongly supports the Administration.

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19. Rodriguez is coordinating the appearance of Mrs. Banuelos for fund raising affairs in Texas during the month of June. We coordinated her appearances for California during the month of May.
20. Rodriguez is assisting a Cuban group in obtaining funding to train Latin American Professionals in the English Language.

cc: Ray Hanzlik
✓ Alex Armendariz
Carlos Conde
Henry Ramirez
Tony Rodriguez
Tom Korologos
Tony McDonald

EXHIBIT No. 262-19

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

May 26, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (MO) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of May 22-26, 1972

The following action took place this week:

1. All of us have been involved to some degree, working on - President Echeverria's pending visit with the State Department and various members of The White House staff.
2. Rodriguez and I met with Ray Romero of OMBE re a proposed "National SS Conference for the Seventies" scheduled in August. We've been working on this for a few months and everything appears to be tracking.
3. The SS Task Force has recommended that the Brown Caucus idea of meeting with the President be shelved for the time being. A separate memo was sent to Chuck this week regarding our reasons.
4. On personnel matters:
 - a. Rodriguez and I met with Lou Ramirez who is being considered for a supergrade slot at OEO.
 - b. Developing Puerto Rican and Cuban candidates for public members to an advisory committee for the Bi-Centennial Commission.

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- c. Working with Clark McGregor's shop re John Buggs' confirmation as Staff Director of the U.S. Commission on Civil Rights so the deputy (Louis Nunez, a New York Puerto Rican) can be appointed.
 - d. Rodriguez working on the Regional Director of GSA, Region VIII slot; Deputy Regional Manpower Administrator for Labor, GS-16; Deputy Regional Director, ACTION, Regions I (N.Y.) and II (Philadelphia).
 - e. Working Senator Javits' office re Ed Aponte, the new Regional Manpower Administrator for Region II (Labor-New York) and his GS level.
 - f. Continuing to work with Department of Commerce re the Deputy Director of OMBE.
 - g. Rodriguez submitted candidates for the SS Director of HUD.
 - h. Rodriguez submitted names for the Deputy Director of the Women's Division at DOL.
 - i. Rodriguez reworking the regional director of Action position in New York.
5. In the grants area:
- a. Working with Under Secretary Silberman at Labor re a \$2 million trucking drivers school in Texas for Chicanos. Looks very good.
 - b. Expressed concern to OEO re a \$3 million grant to the Mexican American Unity Council only to find there are some legal hang-ups to try to cut them off. They promised to at least monitor the group.
 - c. Working with ACTION re Foster Grandparents in California.
 - d. Working with Under Secretary Van Dusen re a housing project in Arizona sponsored by a California Chicano firm.

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6. Rodriguez met with Edward Hidalgo, newest of the supergrades, to discuss how he can participate in the speakers bureau and through his speeches show how USIA would benefit the Spanish Speaking community of this country.
7. Rodriguez briefed Anna Maria Riojas of Senator Dole's Kansas staff on our speakers bureau. They have agreed to keep us informed of their activities in that area.
8. Rodriguez met with the Chairman of the Republican Minorities Committee from Ventura, California, Ralph DeLeon, and discussed how we could help some of his supporters organize and obtain government funds for a regional agricultural development committee in that area.
9. Rodriguez met with the Rockefeller Spanish Speaking leadership, Manny Gonzalez, Nick Lugo, Jr. and group in New York and covered several areas of interest to them, i. e., -Executive Director of the CCOSSP, National Hispanic Finance Committee, their role in the campaign, etc. The objective was to open lines of communications between our office and their group.
10. Rodriguez met and discussed with Alex Armendariz the funding of a conference for the Southwest Council of Laraza. Our job is to find those monies.
11. Rodriguez met with Senator Tower's patronage man, Bill Keener, and exchanged ideas of how our office could be of assistance to them.
12. Rodriguez met with the Assistant to the Speaker of the House of Puerto Rico, Otto Riefkohl, to discuss how we could assist them in the area of patronage. They will be sending us additional resumes of qualified people from the island.
13. Rodriguez is working with Dave Wimer, DOL, to see that one of our groups gets close consideration for a grant under the national migrant workers program. The group is CPI from Texas.

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14. Rodriguez finalized with Sam Martinez the arrangements for our meeting in Dallas on June 2. Will be meeting with the Spanish Speaking regional directors of that region to brief them on how they can be of assistance in the campaign.
15. Rodriguez started working with Tony McDonald on writing the schedule proposals for the Vice President's office from here to the election.
16. Conde traveled to Houston with Armendariz to meet with an influential Mexican American democrat who is thinking of supporting the President in November. Alex is to continue the discussions with him and work out the scenario if he comes aboard.
17. Two contract signing ceremonies on SBA-8A minority contracts were held in Bob Finch's offices. Two Mexican Americans from California were present to pose for pictures. SBA sent out the pictures and news releases to general and minority media.
18. Conde is working with Nancy Lamberding of State Department on a reception for the Mexican newsmen that will accompany the President. Klein, Ziegler and McCloskey will host. The date has been tentatively set for June 13.
19. Conde working with Don Smythe of Labor on the minority media seminar to be sponsored by Labor on June 7. Four of the participants are Spanish Speaking newsmen and Conde is setting up a briefing on Administration accomplishments.
20. Conde met with Mutual Broadcasting representatives to discuss their new Spanish Speaking radio network. They have signed up about 25 Spanish language stations in predominantly SS centers across the nation. Conde will feed them all news that breaks from his office. He also did a newscast in Spanish with Mutual on President Nixon's trip to Moscow and his efforts on behalf of the SS.
21. Conde discussed advance stories with Washington correspondent of Excelsior, one of the top newspapers in Mexico City. They will start doing advance stories on June 1 and need information on possible topics of discussions by the President. He is trying to set up a meeting with Bob Finch and the Excelsior correspondent.

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22. Conde and Diana Lozano worked on several projects with 1701. One included reviewing a brochure produced for the California primary and developing a three page mailer for California. He is also working on a plan involving his office, the Cabinet Committee's PIO section and Armendariz's office to make the operations more effective and give Armendariz more support.
23. Conde worked with Mrs. Banuelos on her speaking activities. She still needs some speechwriting help and Conde suggested that she hire a speechwriter to do a six-speech bank on general topics that she speaks on. He is also setting up a meeting with Treasury's new PIO to see if we can resolve her problems. Conde worked on a similar assignment with Carlos Villarreal. Villarreal, in his estimation, is developing as one of the President's top surrogates and he is getting good press wherever he goes. One of the reasons is that he is a fresh face and he speaks forcefully and eloquently.

cc: Ray Hanzlik
Carlos Conde
✓ Alex Armendariz
Tony Rodriguez
Henry Ramirez
Tom Korologos
Tony McDonald

EXHIBIT NO. 262-21

MEMORANDUM

THE WHITE HOUSE
WASHINGTONCONFIDENTIAL

June 2, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILLY MO MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of May 29-June 2, 1972

The following action took place this week:

1. Met with Ray Hanzlik, Henry Ramirez and Dave Wimer and Jim Robinson of OMB to discuss the status of Regional Councils. In sum, it was decided to give some additional thoughts on how to handle the \$40 million grants program announcement and what we're going to do on a long range basis with this regional concept.
2. Discussed with the White House Task Force on SS, the pros and cons of the use of a Spotmaster. It was decided the Cabinet Committee would obtain one immediately.
3. Rodriguez and I met with Jim Robinson of OMB re some management problems at the Cabinet Committee.
4. Conde, Rodriguez and I continuing to work on various aspects of President Echeverria's visit this month.
5. Continuing to work on the following vacancies:
 - a. Developing a case re Ed Pena, Director of Compliance at EEOC (GS-17) who has been violating the Hatch Act.
 - b. Working with Senator Javits' office and Henry Ramirez re the Executive Director's slot at the Cabinet Committee.

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- c. Regional Manpower Administrator-Dallas: working with Rob Davison of Kingsley's staff re both the top and number two slots.
 - d. Deputy Director-OMBE: This should be finalized by the first of next week.
 - e. Rodriguez is working with Jack Bow, ACTION, in getting candidates for Regional Director's positions in Puerto Rico and New York.
6. Speaking at a testimonial for Hector G. Godinez, Postmaster of Santa Ana, California, my hometown, at the Disneyland Hotel tonight and will be an honored guest at a reception in Miami sponsored by the National Hispanic Finance Committee tomorrow night.
7. Found out decision for a doctorate for Phil Sanchez from the California State Colleges will be delayed until next month.
8. Working on the following grants:
- a. OEO - a small grant for EASE of Orange County, California.
 - b. Rodriguez is assisting a Cuban group obtain its bank charter. Working through Fred LaRue. The importance in this is that this is the first bank owned, managed and controlled by Cubans.
 - c. Rodriguez is working to get \$75,000 for a national conference for the Raza Unida. This decision was reviewed very carefully by Alex and me.
 - d. Rodriguez is assisting Gran Logia de Cuba obtain a grant of \$35,000 from Fred Romero. The group is one of ours and it appears we can help.
9. Rodriguez set up invitations for people to be principal speakers at California's State Conventions of LULAC and GI Forum.

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10. Rodriguez is setting up meeting between past and present national president of LULAC and some top Texas Democrat leaders who want to assist in the campaign.
11. Rodriguez arranged to have Juan del Castillo to be keynote speaker at the City of Hope Banquet. Mr. del Castillo is our highest official at DOA.
12. Rodriguez is working with Dr. Aguirre to coordinate the meeting between the Manpower Ad Hoc Committee and the Secretary of Labor. Situation needs attention as the community people feel their requests are not receiving sufficient consideration.
13. At the invitation of Carlos Villarreal, Rodriguez attended a DOT ceremony in which he inspected some buses from Mexico.
14. Rodriguez is working with Alex Armendariz to see if Bishop Patrick Flores from San Antonio can be asked to give the Invocation at the National Convention. He has already been asked by the Democrats.
15. Rodriguez is working on having Secretary Hodgson be the guest speaker at the National GI Forum Convention here in Washington, D. C. on July 28th. Very important because they first asked the President and were turned down.
16. Rodriguez is arranging to get Nixon to appear at the annual banquet of the Hispanic International Research Institute in New York on the 21st of this month. They expect 1500 people. 1,000 tickets have already been sold @\$50 a plate.
17. Conde reviewed a 1701 draft reply on Administration policy concerning the political status of Puerto Rico. Done at the request of Ed Harper's office.
18. The Spanish Speaking division of the Committee for the Re-Election of the President requires more communications support than it is receiving, particularly in production writing. It is putting a lot of strain on manpower capabilities so Conde wrote a manpower media plan to meet the needs of this office, the Cabinet Committee and 1701.
19. Conde helped me prepare a portion of a speech in Spanish to be used in Miami and California.

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20. Diana Lozano and Conde assisted Alex Armendariz in writing the draft Spanish Speaking agenda for the Republican Convention. It included the platform and the publicity plans. The three then met to refine some of the publicity plans.
21. Conde met with Henry Ramirez and Pete Patino of the Cabinet Committee to discuss his communications department and a revamping in personnel in order to give better support to Alex at 1701.
22. Stan Scott and Conde met with Don Smythe and John Leslie of the Department of Labor on the final plans of an information seminar for the minority press. It will be held June 7 and will include five editors of SS newspapers from Texas, California and New York. In the afternoon, a briefing session by Ramirez for these editors is also being planned. This seminar developed from the minority information program which was developed by the White House's Office of Communications.
23. Conde wrote the SS portion of the convention booklet for Stan Anderson's office.
24. Conde met with Eugene Marin of Phoenix at the request of Alex Armendariz. Marin might work for the campaign in the Southwest and he wanted to discuss some of the SS issues that will develop.
25. Conde was contacted by Richard de Silva of the Southern California Contractors on an appearance by Secretary Romney, Herb Klein and Phil Sanchez at a housing development ceremony. Conde told him it would be difficult to get all three but would work on Romney since they have already made contact with him.
26. Conde is working with Mrs. Mercedes Meyer of Winchester, Massachusetts on a White House ceremony involving Secretary Volpe and Henry Ramirez and diplomatic dignitaries from Venezuela. Volpe, a friend of Mrs. Meyer, and Ramirez will accept, on behalf of the President, two volumes of the writings of Simon Bolivar from the Sociedad Bolivariana de Venezuela. The Sociedad is a well-known and respected organization in Venezuela and has affiliations throughout the world. Billed as a good will gesture. Scheduled for June 21st at 10:30 a.m. in White House library.

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27. Conde participated in a ceremony at ACTION installing Manuel Villalobos as Peace Corps country director for Columbia. Voice of America, Associated Press, Dallas Morning News and Mutual Broadcasting were among the representatives. Picture and press release mailed to the national media.
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cc: Ray Hanzlik
✓ Alex Armendariz
Carlos Conde
Henry Ramirez
Tony Rodriguez
Tom Korologos
Tony McDonald
Dan Kingsley
Stan Anderson
Rob Davison

EXHIBIT No. 262-22

C-55
Spanish Speaking
971

June 5, 1972

MEMORANDUM FOR:

CARLOS CONDE

FROM:

FRED MALEK

SUBJECT:

Spanish Speaking Task Force
Media Team

Your May 31st memo on the above subject raised some excellent points, but I am not in full agreement with all of your conclusions.

I feel that the Spanish Speaking Team is doing an outstanding job in the communications and PR area, and you are to be congratulated for the progress made. This is due primarily to the quality of the individuals involved, but it is also attributable to the fact that the Spanish Speaking Team is generously staffed - more so than any other group. With Messrs. Marutano, Rodriguez, and Conde engaged primarily full time, and with strong support from Henry Ramirez and the Cabinet Committee, you have a considerable amount of talent available.

Because the Spanish Speaking Team is more generously staffed than any of the other groups, I am not terribly receptive to your recommendations for additions. To take the specific points:

1. Cardenas seems well qualified, but I am against detailing another person to the White House. If you are in dire need of help and can make this case to Mr. Klein, we can have Cardenas spend a good percentage of his time on the project but do so from his current offices rather than being detailed to the White House.
2. If Alex wants to add a research person to his staff, he will have to make the case to me. Basically, I question the long-term need in view of the fact that we have centralized research and advertising at the Committee and because a Spanish Speaking consultant is being added to the advertising group. If, however, Alex can still demonstrate the need for Miss Lozano's help, we can arrange for her to remain at the Cabinet Committee but spend part of her time supporting our activities.

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3. If you feel the Cabinet Committee public information office needs to be strengthened, I would defer to your judgment. I, therefore, recommend you work with Henry Ramirez to get Mr. Duarte on board. If Henry agrees, you should have no problem.

4. I agree that it is important to have some Spanish Speaking expertise connected with the November Group. In this regard, they are planning to bring on a consultant. You and Alex should coordinate closely with Novelli to ensure that the choice meets your requirements.

The above points should clarify my thinking on the subject. As you can see, I'm against adding further members to the team, but there are certainly ways to gain at least part of the added support if you need it.

cc: Herb Klein
Chuck Colson
Henry Ramirez
Bill Marumoto
Alex Armendariz ✓
Tony Rodriguez

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 31, 1972

ADMINISTRATIVE CONFIDENTIAL

TO: Herbert G. Klein Bill Marumoto
 Fred Malek Alex Armendariz
 Chuck Colson Tony Rodriguez
 Henry Ramirez

FROM: Carlos Conde

SUBJECT: Spanish Speaking Task Force Media Team

The campaign to re-elect the President is to present his record and his Administration as second to none. The best way to do this is through an effective communications plan that highlights his record in all of the public sectors. The development of the best possible bi-lingual communications network is essential to the success of the overall plan.

and we have
 The Spanish speaking media plan developed by this office is now underway, but it has become increasingly apparent in the past several weeks, however, that the Spanish speaking division of the Committee to Re-Elect the President will require more support than the plan originally envisioned. While the White House plan is built largely on general media campaign, Alex Armendariz's office needs specialized research and production writing for campaign materials which exceeds available manpower capabilities. The resources of the November Group and the Committee to Re-Elect's communications office have not proved adequate--or satisfactory--to Armendariz because they lack the special expertise and experience of ethnic writers.

and this is the situation
 This situation has forced Armendariz to depend frequently on this office and on the Cabinet Committee for staff support. This arrangement has not been effective for two reasons. First, the White House is primarily involved in directing the Spanish speaking communications plan, rather than producing it. Coordination responsibilities are severely restricted when it engages in singular production projects. Second, the Cabinet Committee's public information office, though integrated to the Spanish speaking campaign plan, has not fulfilled its function well because its staff requires broader journeyman experience.

Two alternatives are available to provide Armendariz's office the communications support it needs and to improve the overall effectiveness of the Spanish speaking media plan.

The first alternative is to create a special Hispanic communications unit in Armendariz's office geared exclusively to ethnic productions. A minimum of three people--a researcher-writer, copy editor and typist--would be needed.

The other alternative is to revamp the existing media structure within the White House, the Committee to Re-Elect and the Cabinet Committee and include a consultant for the November group. The option is favored because it requires the hiring of only one additional staff person to strengthen the Cabinet Committee, provides proven media experience and follows the integration concept of the campaign's media projects.

The present structure and the details of the suggested revamping follow:

1. WHITE HOUSE Carlos Conde directs and coordinates the production of Spanish speaking media activities in the White House and Federal agencies with special attention to the Spanish speaking presidential appointees. This office also produces and reviews special materials for Bill Marumoto's office. Assisting part time is researcher-writer Diana Lozano of the Cabinet Committee who also does special assignments for Chairman Henry Ramirez and Alex Armendariz.

Lee to give greater coordination to the White House media plan, an assistant with hard media experience is essential. I recommend Leo Cardenas of the Community Relations Service, who is willing to come on White House detail. Cardenas is a University of Texas graduate and came to the government after 10 years of experience as a reporter-editor on the San Antonio Express-News. Cardenas would help provide greater White House media support to Armendariz's office in addition to helping direct the overall Hispanic news projects in the government agencies.

2. THE COMMITTEE TO RE-ELECT THE PRESIDENT As stated, Armendariz's greatest need is for a researcher-writer on Spanish speaking topics. The production of campaign literature is considerably different than writing media copy and more time-consuming because it requires meticulous message development. Diana Lozano is a highly efficient and capable researcher-writer whose services have been requested full-time by Armendariz. She is not only knowledgeable on the Hispanic issues but she also has good political sense and an ethnic sensitivity, which is another requirement of Armendariz's office. Miss Lozano is willing to take a leave of absence from the Cabinet Committee to join the Committee to Re-Elect the President. This move would also strengthen the tripartite media activities, since Miss Lozano is familiar with the information operations of the three offices and would work in tandem with them.

Set her work from where she is - no way she can be added

3. THE CABINET COMMITTEE ON OPPORTUNITIES FOR THE SPANISH SPEAKING

The Cabinet Committee's public information office suffers not so much from inadequate manpower as from insufficient experience. Its director is an outstanding idea man with an excellent knowledge and rapport with the Spanish language press in the East. He is also a good writer in Spanish. While he is highly motivated and energetic, however, he is young and without solid media background. His inexperience gives him a faulty news judgement and his youthful impetuosity makes it difficult for him to motivate and direct the information staff. Although American educated he is of Cuban refugee background and his writing proficiency in English is still developing.

To increase the potential of the Cabinet Committee information office, it is necessary to bring in a new director of public information. That person is B. Duarte, the current information director of the Washington office of the Southwest Council of La Raza. Duarte is a young Mexican American with extensive experience in the information field. He knows and understands the needs of the Cabinet Committee information office.

Like Cardenas, Duarte is a veteran all-around newswriter with experience in directing an information staff. He has fine news judgement and knows the essence of topicality and, more important, the nuances of partisan journalism. He is willing to take the assignment and is available immediately. The current director of information could either be retained with the title of Assistant Director or else a new position could be created for him to allow him to concentrate on Spanish language media activities, particularly among Puerto Ricans and Cubans in the Eastern seaboard.

4. THE NOVEMBER GROUP As the advertising arm of the campaign, the November group and the Republican National Committee have been producing most of the special Spanish speaking materials. It is evident, however, that the materials are being produced by non-Spanish speaking writers who lack the flair for this specialized audience. Most of the materials reviewed by this office have required greater insight on the subject matter and a more acute theme development. Although the November Group is planning to hire a Cuban firm to handle its ethnic productions, it is important to note that the Mexican Americans which form the largest bloc of Hispanic voters require a distinct style and appeal. In deference to this fact, the Cuban advertising firm should obtain a Mexican American consultant to help develop the material. The best man for this assignment is Martin Garcia, a young, outstanding political critic from Texas who is currently a Yale University Urban Fellow in

California. Garcia is an experienced campaigner who helped run the Nixon for President campaign in Houston in 1968. He also has a keen sense for the sub-culture appeals of the Mexican Americans. Garcia is available in mid-summer.

I urge strong consideration of these suggestions, which will both increase the effectiveness of the campaign's media plan and provide better communications support to Alex Armendariz's office. They are vital to the development of a viable information program that projects the President's performance and imparts his strong kinship with Hispanics.

EXHIBIT NO. 262-24

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

June 9, 1972

MEMORANDUM FOR: CHUCK COLSON
FRED MALEK

FROM: BILL MOY MARUMOTO

SUBJECT: Weekly Activity Report for the
Spanish Speaking
Week of June 5-9, 1972

The following action took place this week:

1. Henry Ramirez and I met with Ed Aguirre, Regional Director, Department of Labor, Region IX, re miscellaneous matters pertaining to the Spanish Speaking in the Southwest.
2. Tony Rodriguez and I met with John Evans, Nate Bayer, Paul Jones of 1701 and Stan Scott re status of OMBE grants for minorities. Very disappointed at the lack of responsiveness of OMBE. Need to get them off their hind-ends.
3. Carlos Conde and I met with Bill Greene, the Department of Treasury's acting public relations guy, regarding Romana Banuelos. Discussed her public relations, public appearances, and speeches.
4. Met with Pete Villa, National President of LULAC re Administration involvement in their national convention June 29-July 2 in Beaumont, Texas. All of our Spanish Speaking Presidentials will be main speakers at their luncheon and evening banquets, which Rodriguez had already been working on. Also discussed a \$2 million OEO education grant which we hope to announce at the convention. He has been cooperative in assisting us and was delighted to be invited to the State Dinner for President Echeverria next week.
5. Met with Ray Hanzlik regarding miscellaneous matters pertaining to the Spanish Speaking.

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6. Rodriguez and I attended the SER Board of Director's reception last night. This is a joint program of LULAC and the GI Forum.
7. Alex Armendariz, Carlos Conde, Rodriguez and I met with Judge Alfred Hernandez of Houston, Texas, re his interest in supporting the President. He is a life-long Democrat and national leader, who is very well known in the Mexican American community.
8. Spoke at two National Hispanic Finance Committee fund-raisers over the weekend in Orange County, California, and Miami, Florida.
9. Discussed with Conde status of White House Spanish Speaking mailing list. We agreed to beef it up.
10. Armendariz and I discussed developing a paper on amnesty for Mexican wetbacks and will have a paper on it next week. Could be a shrewd move.
11. Rodriguez met with the four Spanish Speaking Regional Directors of Region VI, Dallas, of OEO, Action, HUD, and Community Relations Service Justice, regarding their role in the ensuing months.
12. Regarding the Spanish Speaking Speaker's Bureau, Rodriguez is working to have a speaker at the Kansas State GI Forum convention; Secretary Hodgson to keynote for the GI Forum National Convention on July 28-30; and he is meeting individually with each Spanish Speaking Presidential appointee on this matter.
13. Rodriguez is working with Dave Parker's office re Julie doing a visitation to a bilingual program in Brownsville, Texas, later this month. Conde developed briefing papers for Julie for a VIP White House tour today for the wives of LULAC Board of Directors.
14. Armendariz and I discussed with Fred Malek the importance of the President speaking at the LULAC National Convention. Bob Teeter at 1701 has come up with some data re the Spanish Speaking that substantiates this.
15. Rodriguez is working with Fred Larue re the application of a Mexican American owned and managed Savings and Loan Association in San Antonio and a Cuban owned and managed bank in Miami.
16. The following occurred in the personnel area:
 - a. Arranged with Dan Kingsley to have the announcement of the President's appointment of Rudy Montejano to the ICC done next Wednesday in conjunction with Echeverria's visit.

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- b. Continuing to work with Commerce officials re appointment of Cip Guerra as Deputy Director of OMBE.
 - c. Working with Senator Javits office re appointment of Frank Negron as Executive Director of the CCOSP.
 - d. Armendariz to hire Diana Lozano as his Administrative Assistant-researcher-writer at 1701.
 - e. Rodriguez and I are developing candidates for Spanish Speaking field directors and Spanish Speaking co-chairmen of state and county organizations for Armendariz.
 - f. Rodriguez is working with Al Solano and Gil Chavez at HEW re generating Spanish Speaking candidates for their Fellows program.
 - g. Rodriguez is developing candidates (Puerto Rican) for the Bi-Centennial Advisory Council.
 - h. Developing Spanish Speaking candidates for the NIE Advisory Council.
17. In the grants area, the following transpired:
- a. Rodriguez working with two Black/Mexican groups from Texas and Washington, D.C. re grants from Labor and OEO.
 - b. Rodriguez working with the National Hispanic Manpower Association of Washington, D.C. re information on grants.
 - c. Rodriguez working to obtain \$30,000 for the Southwest Council of LaRaza for a conference next month. This is the group we want to neutralize.
18. President Echeverria's visit - The attached provides information about the various activities we've programmed around his visit. State Department says that the New York, San Antonio and Los Angeles itinerary has yet to be totally arranged so we're waiting in the wings to schedule some drop-by's.

19. Conde has been spending most of the week working on the visit of President Echeverria on June 15-19. He has worked with Fausto Zapata and Manuel Alonso, press secretaries to President Echeverria. Also met with Alonso and Zapata several times to give assistance to their advance work such as providing media representatives for San Antonio and Los Angeles.
20. The list of the Mexican newsmen accompanying the President of Mexico was obtained and given to Ken Clawson for clearance.
21. A reception at the Tayloe House has been arranged for June 14 at 6:30 to 8 p.m. An invitation list was prepared for the local media. Arrangements for the reception were made through the State Department and White House.
22. Conde assisted Ken Clawson in arranging briefing for the Mexican media. They want Schultz, Rogers and Kissinger. Thus far, we have secured Schultz and Clawson is working on Rogers. Kissinger apparently is out. Briefing by Schultz will be at 3 p.m. on June 13th in the Executive Briefing Room.
23. Conde prepared a list of topics and questions for George Schultz. These are the possible questions which the Mexican press will ask. The information was provided by Zapata.
24. Conde met with Clawson and protective service to discuss clearance and security plan. Clawson assigned Conde to plan a central staging area for the reporters.
25. Conde arranged with superintendent of House Press Gallery to provide working space for the Mexican press--about 35 working press and 18 assorted Presidential staff and technicians - to cover President Echeverria's jointed address to Congress on June 15th at 12:30 p.m.
26. Stan Scott and Conde participated in a minority media seminar on Wednesday. We helped John Leslie and Don Smythe arrange the seminar attended by eight newsmen and editors from throughout the country. Also attending were PIO officers from throughout the government. Discussed how to better reach the minority media.

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27. Later in the afternoon, Conde arranged a press briefing for the SS media at the Cabinet Committee. Ramirez was scheduled to brief but, was ill so Conde had to step in. They were provided information on the Administration's achievements. Representatives from Houston, New York, San Antonio, Corpus Christi, Los Angeles and Washington attended.
28. Conde addressed and participated in a media discussion with regional minority correspondents attending a news seminar with Social and Rehabilitation Service. Talked about the Administration's efforts to provide more information to minority media.
29. Conde did a Spanish interview with KUNO Radio Station of Corpus Christi on the Administration's achievements.
30. Conde developed a schedule proposal for the President to greet youth group attending OEO leadership seminar. No success on the proposal.
31. Diana Lozano and Conde prepared a briefing paper for Tricia Nixon Cox, on the SS organizations, LULAC, SER and GI Forum. Mrs. Cox greeted the wives when they took a VIP tour of the White House on Friday afternoon. Ollie Atkins took pictures for distribution to the Spanish Speaking media.
32. Conde is working with John Richardson, Department of State, and Ken Towery, USIA on Colson's request to develop as much media activity as possible for Echeverria's visit. Richardson will send his plan to the White House on Monday. Towery is working on a similar assignment for USIA. Conde is finding difficulty in securing film footage, particularly if intended for domestic use.
33. Conde is working with Mrs. Mercedes Meyer on presentation of Bolivar papers to the President. Volpe and Ramirez will accept for the President in the White House library. Scouten said we couldn't use it unless approved by Haldeman, because it is the private quarters of the First Family. Dick Howard of Colson's staff said he would shake it loose for us. It is scheduled for June 21st at 3 p. m.

-6-

34. Conde prepared a press release for the Hispanic Fundraising Committee at the request of Georgina McCormick who is working on the fund raising event in Washington in late June.
35. Conde talked to OMBE about announcement of Cip Guerra's appointment. They were supposed to give him a plan by Thursday but did not hear from them.

cc: Ray Hanzlik
✓ Alex Armendariz
Carlos Conde
Henry Ramirez
Tony Rodriguez
Tom Korologos
Tony McDonald
Dan Kingsley
Stan Anderson
Rob Davison

ACTIVITIES SCHEDULED AROUND
PRESIDENT ECHEVERRIA'S VISIT

Tuesday, June 13

6:30 p.m. Spanish Speaking Appointee's Meeting
Sequoia

Wednesday, June 14

6:30 p.m. Dinner with out-of-town Spanish Speaking Leaders

6:30 p.m. to 8:30 p.m. Reception for Mexican Press hosted by Herb Klein
and Carlos Conde, Tayler House

8:00 p.m. Presidential Box at the Kennedy Center with above group

Thursday, June 15

8:00 a.m. VIP White House Tour for out-of-town Spanish Speaking
Leaders

10:00 a.m. Arrival Ceremonies for President Echeverria

Several hundred Spanish Speaking leaders, Presidential
and Supergrade appointees have been invited.

12:00 Noon State Department Luncheon

About 50 Spanish Speaking leaders and their spouses
have been invited to this

2:00 p.m. Presidential Box, Kennedy Center
The Marquise, 8 tickets, Eisenhower Theater
A.F. Rodriguez, Host

6:00 p.m. Reception for Spanish Speaking Leaders sponsored
by the National Hispanic Finance Committee
Madison Hotel

7:30 p.m. Presidential Box, Kennedy Center
The Marquise, 6 tickets, Eisenhower Theater

Friday, June 16

8:00 a.m. VIP White House Tour for out-of-town Spanish Speaking Leaders

7:30 p.m. Presidential Box, Kennedy Center
The Marquise, 4 tickets, Eisenhower Theater

8:00 p.m. Presidential Box, Kennedy Center
Mass, 8 tickets - A. F. Rodriguez, Host

8:30 p.m. Presidential Box, Kennedy Center
Big Show of 1936, 12 tickets - William H. Marumoto

9:00 p.m. Reception at Mexican Embassy

About 20 Spanish Speaking Leaders and their spouses have been invited to this

Sunday, June 18

Mayor's Dinner
San Antonio, Texas

Monday, June 19

12:00 Noon Chamber of Commerce Luncheon

A number of Mexican Americans in Texas are being invited to this affair which will accomodate 1800 people

Tuesday, June 20

Luncheon sponsored by the World Affairs Council

Reception for President Echeverria

Governor's Dinner, Los Angeles, California

A number of our Mexican Americans in Southern California are being invited to this

EXHIBIT No. 262-25

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

June 16, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL MOORMARUMOTO

SUBJECT:

Weekly Activity Report for the
Spanish Speaking
Week of June 12-16, 1972

The following action was accomplished this week:

1. I met with Bill Rhatican regarding his participation in the public relations area relative to the Spanish Speaking. Carlos Conde and I will meet with Bill on Monday morning for breakfast to pursue this matter further.
2. Tony Rodriguez, Nate Bayer, John Evans, Paul Jones of 1701, Stan Scott and I met with Under Secretary James Lynn, and John Jenkins regarding the status of grant proposals at OMBE. It appears we are tracking well on about seven of these in the SS area with announcements pending within the next month or so.
3. Alex Armendariz and I met a Richard Lydon who wants to assist in the campaign full-time in California and Texas for about 60 days. Rhatican introduced us. Armendariz to follow through.
4. We held our monthly SS appointees meeting last Tuesday and covered the following items:
 - a. Armendariz - status report on the campaign.
 - b. Rodriguez - Speakers Bureau and SS appointments.

- c. Conde - status report on media and Echeverria's visit
 - d. Romero - status report on SS Conference of the Seventies
5. Conde, Armendariz and I were interviewed by Carolyn Elliott of the Dallas News regarding a feature article on the Administration's efforts in the SS area for the June 25th Sunday edition.
 6. Armendariz and I assisted Ben Fernandez of the National Hispanic Finance Committee regarding getting Secretary Romney as a speaker for one of their fund-raising events next month.
 7. Relative to President Echeverria's visit we had 125 SS appointees and national leaders involved in several of the activities surrounding his visit. They included the State Dinner and after dinner, Arrival Ceremonies, State Department Luncheon, Mrs. Agnew's luncheon, and the reception at the Mexican Embassy. In addition, a number were involved in VIP White House tours, the Presidential Box at the Kennedy Center, White House Mess, private dinners and a reception and dinner at the Madison Hotel. We also presented to most of them a photo of the First Family, gold pens with the President's signature, a copy of "Life of Leadership" recently published by 1701, and to others some other "special" goodies. Henry Ramirez was requested by President Echeverria's staff to submit a dozen or so names of Mexican Americans in this country for consideration for a high civilian medal to be given during his visit. We brainstormed this and came up with a good cross section of names. We were all also involved in submitting names for the various activities during his visit to Chicago, New York, San Antonio and Los Angeles.
 8. Personnel
 - a. The nomination of Rudy Montejano of California to the ICC was released on Wednesday. We brought him in for Echeverria's visit and included him and his wife in the activities
 - b. Submitted a half dozen names of Chicanos for the White House Summer Intern program.

- c. Submitted a half dozen names of SS for a special assistant's slot for Phil Sanchez.
 - d. Tracking with Carmen Maymel as one of two deputy directors (GS-15) of the Women's Bureau at DOL.
 - e. Working with appropriate parties on Frank Negron as Executive Director (GS-17) of the CCOSS.
9. Grants
- a. Continuing to work on a \$2 million DOL grant for a Truck Driver's School in Texas.
 - b. Continuing to work on a grant for La Causa Comun, a Puerto Rican group.
 - c. Continuing to work on an OEO grant for EASE, a Chicano group from California.
 - d. Rodriguez met with Polly Gallando, Cuban, Miami, to help obtain grant for Cuban, Mexican American, Puerto Rican community agency in Dade County.
 - e. Rodriguez met with Abe Tapia, California community leader, who is trying to form the first Mexican American owned life insurance company. The seed money for the probability study could come from the Department of Labor.
 - f. Rodriguez talked to Senator Thurmond's AA, Dan Carrison, about possibilities of Black/Brown business proposals. This is being tried in Bob Brown's shop.
 - g. Rodriguez is assisting Modesto Guerra from New Orleans in getting a grant from OMBE for an educational project.
10. Arranged to have Secretary Hodgson be the keynote speaker for the National American GI Forum Convention, July 28th here in Washington.

11. Rodriguez and I working with Dave Parker's office re Julie Eisenhower's participating in a few SS activities during the next two months.
12. Rodriguez met with Ed Aguirre to work out the details of the forthcoming National Conference of the Southwest Council of La Raza.
13. Rodriguez was interviewed by Mexican television about the events of this week's activities on President Echeverria's visit.

EXHIBIT No. 262-27

June 22, 1972

MEMORANDUM FOR:

TONY RODRIGUEZ
✓ALEX ARMENDARIZ

FROM:

BILL (MO) MARUMOTO

SUBJECT:

Fred Romero

The attached article on Fred's speech in Colorado Springs does not show any connection with the President. Although he's "Hatched", it would appear to me Fred could work it into his speeches. Please discuss this matter with him.

Attachment

cc: Fred Malek

June 28, 1972

MEMORANDUM FOR: BILL MARUMOTO

FROM: A. F. RODRIGUEZ

SUBJECT: Fred Romero

In reference to your memo on Fred Romero's speech in Colorado Springs, as you requested I have talked to him and he has assured me that he will work into his speeches the President's work for the Spanish Speaking in his department.

cc: Alex Armendariz ✓

EXHIBIT NO. 262-28

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

June 23, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL MARUMOTO

SUBJECT:

Weekly Activity Report for the
Spanish Speaking
Week of June 19-23, 1972

The following action occurred this week:

1. Carlos Conde and I are working together regarding a follow-up report on President Echeverria's visit and will have it to you the early part of next week.
2. Tony Rodriguez is developing the SS Surrogates Plan and will meet the July 7th deadline.
3. Alex Armendariz, Tony Rodriguez and I met with Phil Sanchez's PR and Region IX staff re his public appearances particularly in California. They will provide some in-put for the Surrogates Plan.
4. Met with Kathleen Balsdon regarding beefing up the SS portion of the White House mailing list.
5. Spoke to the Mexican American leadership in Orange County, California re the sponsorship of a reception-dinner for Rudy Montejano, the recently nominated Commissioner to the ICC.
6. Bob Finch accepted an invitation to speak at the July 25th SS appointees meeting. Bill Rhatican arranging for the Blair House. Fred Malek is requesting John Mitchell to be the August speaker.

7. Sending the Flag Day Proclamation to about fifty of our SS leaders.
8. Armendariz, Rodriguez, Conde and I are working on various aspects of the LULAC National Convention next week. Tricia Nixon Cox is delivering an address on July 1st. Phil Sanchez, Henry Ramirez, Carlos Villarreal and Romana Banuelos also giving major addresses.
9. Rodriguez and Conde worked on the National Hispanic Finance Committee's Tamalada for tonight sponsored by the Washington, D. C., Virginia and Maryland Committee. They anticipate about a thousand of our SS.
10. The San Antonio Mexican American community is organizing a reception for Tony Rodriguez on July 21st and anticipate 1000 people.
11. Working to hire a project manager through Rob Davison for the SS Conference of the Seventies in August.
12. Rodriguez unplugged through Fred LaRue of 1701 an insurance of accounts for the first Mexican owned and operated savings and loan in San Antonio, Texas. They will now open on July 15th and we are arranging for a speaker.
13. Grants
 - a. Continuing to work through Rob Davison regarding a truck driver's school in Dallas. Monies would be funded out of DOL.
 - b. Also continuing to work with Davison re a voter registration grant out of DOL for a Chicano group in California.
 - c. Working with Roy Batchelor at OEO regarding a revenue sharing study grant for the City of Santa Fe Springs. This has been in the hopper for several months.
 - d. Rodriguez working with the Southwest Council de La Raza, and their national conference. \$30,000 obtained several months ago from DOL.

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- e. Rodriguez working with SEED, a Washington, D. C. Latin American group re a \$159,000 grant from OMBE.
- f. Rodriguez working with Nate Bayer of the Domestic Affairs Council re identifying SS groups who have applied for federal grants at DOL who are unfriendly toward the Administration.

14. Personnel

- a. Rodriguez developed for Stan Anderson, Puerto Rican candidates for a Special Assistant slot for Phil Sanchez at OEO.
 - b. Rodriguez developing SS candidates for State Co-Chairman for Armendariz.
 - c. Rodriguez and I met with Stan Anderson and Rob Davison to identify Presidential and supergrade vacancies for SS.
 - d. Rodriguez developing Puerto Rican candidates for regional director, NLRB for New York.
 - e. Recommended to Malek and Dan Kingsley that if a U.S. - Mexico Commission is formed following Echeverria's visit, Phil Sanchez be recommended to head it up.
 - f. Discussed with Malek the Deputy Under Secretary's slot at Labor for a Chicano. Temporarily on a hold pattern.
 - g. Working through Stan Anderson; candidates for the vacancy on the OEO National Advisory Council. Developing Puerto Rican candidates from New York, Illinois and New Jersey as well as Chicanos from California.
15. Rodriguez working with Armendariz on having our SS Presidentials and supergrades at the National Republican Convention as guests.

16. Conde arranged a briefing for about 50 Mexican and U. S. newsmen with Secretary of Commerce Pete Peterson in EOB Executive Briefing Room.
17. Conde arranged seating arrangements and passes for visiting Mexican newsmen at Congressional Press galleries.
18. Conde arranged White House reception at Tayloe House for visiting Mexican newsmen. Also produced the invitation list and other arrangements for reception.
19. Conde arranged with Mexican Presidential assistants to have President Echeverria invite Henry Ramirez to accompany him on national tour.
20. Conde arranged a visit and escorted President Echeverria's son to Library of Congress.
21. Conde arranged and coordinated a SS media list for participation in White House ceremonies for President of Mexico.
22. Conde arranged filming and audio of Echeverria's visit in Washington, New York, Chicago, Los Angeles and San Antonio.
23. Conde arranged a press interview on President Nixon's efforts on behalf of the SS with Karen Elliott of Dallas Morning News.
24. Conde provided material on SS to Ben Wells of New York Times for a story that will be printed in the future.
25. From June 17-21, 1972, Conde traveled with President Echeverria's party to New York, Chicago, San Antonio and Los Angeles. He coordinated coverage by special crews hired by this office and obtained film footage and all audio. He also helped Mexican media obtain coverage.

cc: Ray Hanzlik
✓ Alex Armendariz
Carlos Conde
Henry Ramirez
Tony Rodriguez
Tom Korologos
Dan Kingsley
Stan Anderson
Tony McDonald
Rob Davison
Bill Rhatican

EXHIBIT No. 262-30

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

June 30, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (WJ) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of June 26-30, 1972

The following action took place this week:

1. Carlos Conde, Tony Rodriguez, Alex Armendariz and I attended the National LULAC Convention June 29-July 1 in Beaumont, Texas. Tricia Nixon Cox is to speak today and three of our SS Presidential appointees (Sanchez, Ramirez and Villarreal) will speak at other times during the Convention. We had the Convention stacked with our people who did a lot of stroking. Ramirez and Rodriguez received special citations for their work for the Spanish Speaking.
2. Conde prepared a fact sheet for Tricia Nixon Cox for possible use at LULAC Convention Friday, and assisted Tricia's speechwriter in preparing speech.
3. Conde arranged with Scott Peters and Alex Armendariz of 1701, audio and possibly film strip to be done on Tricia when she speaks to LULAC.
4. Conde called PIO's for the SS Presidential appointees to assure that the speeches reflect President Nixon's position and that it is well asserted.

5. Conde secured copies of Tricia's speech and provided, with a 12:30 p.m. Friday release, to Dallas Morning News, AP, UPI, Houston Post, Houston Chronicle and Mutual Spanish network:
6. Conde secured the complete schedule of convention activities at the request of Ray Hanzlik. This was generated late Tuesday when possibilities arose that the President might do a drop-in.
7. Conde provided Tricia's advanceman Jack Packard with a Spanish media list for southwestern states. Packard is assisting LULAC prepare a press release on Tricia's appearance and will include her speech. Release will go under LULAC letterhead.
8. Conde arranged with Signal and State Department to copy White House audio taken during Echeverria's visit to Washington and tour of New York, Los Angeles, San Antonio and Chicago. The Office of the President of Mexico did not tape his messages and as a courtesy, we are making the tapes available to them. Conde received a call on Monday from Deputy Press Secretary Manuel Alonzo that the President was in urgent need of the tapes and made arrangements through American Airlines to ship them the first portion on Thursday.
9. Conde called Treasury's Acting PIO Mr. Greener to check on progress in hiring a PIO for Mrs. Banuelos. Greener reports no progress and says he has tried in vain to talk to Mrs. Banuelos. Conde called Mrs. Banuelos and urged her to meet with him. She explained that the problem was finding a common time to meet. Will push for the meeting early next week, although it seems we are no closer to solving this problem than we were several weeks ago and Mrs. Banuelos' public affairs continues to suffer.
10. Conde did a translation for Chuck Colson on McGovern letter to Latin News Agency giving his foreign policy views on Latin America. He professed recognition to Cuba and made some interesting comment:
11. Stan Scott and Conde helped green group of Puerto Rican and Black kids from Hunts Point, the Bronx, who toured White House. General Chappie James and Henry Ramirez also attended and spoke to the kids. White House photographer took pictures and Scott and Conde plan to do mailings.

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12. Conde met with Henry Ramirez and Pete Patino of Cabinet Committee on public information program. The PIO office will be restrengthened by bringing in an outstanding media man, E.B. Duarte. The plan is to greatly accelerate the output of CCOSS information in the next few months and to produce timely information. This is in keeping with long-range plans developed several weeks ago with Ramirez and Patino.
13. Compiling a list of Democratic SS leaders who would support the President.
14. Ramirez, Conde and I met with Ray Hanzlik, of Finch's office, Dave Weinman of OMB re publicity for the regional council meetings and some of the things resulting from it.
15. Met with John Bareno and Bill Dominquez of San Diego, California who are two key Chicano Republicans offering their assistance in the campaign.
16. Grants
 - a. Department of Labor - working with Rob Davison regarding the following four grants; truck drivers school training program (Texas); English as a Second Language (several states); Migrant Clearing House (California) and Voter Registration Project (Southwest states).
 - b. Working with Rob Davison regarding the application of a proposed Cuban owned and managed bank in Miami, Florida.
 - c. Rodriguez conferred with Phil Sanchez in trying to obtain year end monies for some of our people in the field.
 - d. Rodriguez talked with Cheo Sandoval from Texas, who is receiving a \$2 million grant from the Labor Department.
 - e. Rodriguez worked with Louis Cardona, Director, National Spanish Speaking Management Association, Washington, D. C.; Julie Marquez, Director, United Businessmen of San Antonio, San Antonio, Texas; and Clemente Saenz, Director of a non-profit Methodist Association, Texas; to give them direction as to how they could obtain funds for their organizations.

17. Personnel

- a. Cip Guerra of San Antonio, Texas who was offered the Deputy Director (GS-17) of OMBE job has turned it down this week to become the Assistant City Manager of the same city.
 - b. Frank Negron, a Puerto Rican from New York appears to be on track re the Executive Director's slot at the Cabinet Committee.
 - c. Dr. Charles Leyba of Los Angeles comes on board on a consultant basis July 5th to plan and organize the SS Conference of the Seventies.
 - d. Working with Rob Davison regarding the RMA-RD slot in Dallas and also an EEOC-RD slot in Denver and/or Dallas.
 - e. Rodriguez is assisting Alex Armendariz in getting candidates for fieldmen, i. e., Joe DeLeon, Joe Montoya.
18. Rodriguez met with Francisco Vega, a businessman from Michigan, who is trying to gain government support (not funding) for a private venture of producing a bilingual film.
 19. Rodriguez made final arrangements for a meeting with Robert Ornelas and company and other Texas Democrats in Beaumont, Texas, for this weekend.
 20. Rodriguez talked to Manuel Giberga and Edgar Buttari to try to calm the feud between these two gentlemen in Miami.
 21. Rodriguez working with Ambassador Jova in trying to submit names for the forthcoming State Department Latin American Women's Conference.
 22. Rodriguez arranging for the speakers for the forthcoming national convention of the Southwest Council of LaRaza. Phil Sanchez, Henry Ramirez and Romana Banuelos will be involved.
 23. Rodriguez is helping the San Diego Republican people in getting a Cabinet level speaker for their forthcoming fund-raising dinner during the last week of July.

24. Rodriguez worked with Larry Kaufman, Carlos Villarreal's PIO man, on his speech for the National LULAC convention.
25. Rodriguez met with Gil Chavez, Director, Office for Spanish Speaking American Affairs, DHEW, to see how we could be of assistance with his organization.

cc: Ray Hanzlik
✓ Alex Armendariz
Carlos Conde
Tony Rodriguez
Henry Ramirez
Tom Korologos
Dan Kingsley
Stan Anderson
Rob Davison
Bill Rhatican

EXHIBIT NO. 262-31



U.S. DEPARTMENT OF COMMERCE
Social and Economic Statistics Administration
Washington, D.C. 20233

OFFICE OF THE ADMINISTRATOR

CONFIDENTIAL
FOR EYES ONLY

July 6, 1972

MEMORANDUM FOR Mr. Desmond Barker
Special Assistant to the President

From: Joseph R. Wright, Jr.
Deputy Administrator

Attached are two draft copies of the upcoming report entitled "Selected Characteristics of Persons and Families of Mexican, Puerto Rican, and Other Spanish Origin: March 1972." This report was originally scheduled to come out in late July.

As I discussed over the phone, the comparison of Spanish vs. the Blacks was originally left out of this year's draft report. I have added the comparisons in pencil for your evaluation -- they were in last year but we got quite a reaction from both minority races accusing us of trying to polarize the minorities.

Preliminary conclusions from the comparisons include:

- There are 11.1 percent Blacks and 4.5 percent Spanish in the United States.
- The median age of Blacks and Spanish are around the same. However, both are seven to eight years younger than the median age of the total population, which is 28 years.
- 17 percent of Spanish families have a female head compared to 32 percent of Black families and 12 percent of total population families. The average number of children for both minorities is higher than the total average.
- The Blacks are better educated than the Spanish -- however, the Spanish make higher incomes. In every educational category, the Spanish have higher median incomes than the Blacks but lower than the total population.

(more)

CONFIDENTIAL
FOR EYES ONLY

2

- . A higher percent of Spanish males are in the labor force than Black males, and a lower percent of Spanish females are in the labor force than the black females -- partially because of the higher income earned by the Spanish male. Unemployment is lower for all age categories of Spanish males compared to Black males with the exception of the 45 to 64 year old category. Black males, however, have a higher representation in the white collar jobs than Spanish males.
- , Finally, 25.6 percent of the Spanish population is below the low income level compared to 32.5 percent of the Black population.

If you would look over the tables and give us your reaction as soon as possible, we would appreciate it. We can add numbers to the tables for the white population if you think this is appropriate -- this was done last year. If you have any questions, let me know. The text would, of course, be changed if we decide to leave the figures for the Blacks in.

* * *

Also attached are the three draft press releases for the black, income, and low income reports. We will wait for your comments.

Attachments:
As stated

EXHIBIT No. 262-32

MEMORANDUM

THE WHITE HOUSE
WASHINGTON
ADMINISTRATIVE-CONFIDENTIAL

July 7, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (M) MARUMOTO

SUBJECT:

Weekly Activity Report of t
Spanish Speaking
Week of July 3-7, 1972

The following action occurred this week:

1. Tony Rodriguez and I met with Louis Nunez the Deputy Staff Director-designate re miscellaneous Puerto Rican matters
2. Met with Romana Banuelos re the NLRB and their negotiations with her company. Referred her to our legal counsel.
3. Henry Ramirez and I met with Jack Hughes, Deputy Commissioner of OE re the Bureau of Higher Education and its thrust in the SS area.
4. Compiled a list of Spanish Speaking "Democrats for the President" and submitted it on Wednesday. Continuing to add more prominent names.
5. Discussed various matters with Ben Fernandez, Chairman of the National Hispanic Finance Committee
6. Replied to Dave Parker re the participation of the President in the City of Juarez, Mexico Centennial Celebration.

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7. Personnel

- a. Ray Hanzlik and I are working on the executive director of the CCOSSP. Suggesting we put an acting executive director in until this fall.
- b. Continuing to work with OMBE re a deputy director.
- c. Rodriguez, Ramirez and I interviewed the prospective field men for Alex's shop. Also arranged for part of their travel.

8. Grants

- a. DOL - working with Rob Davison re the status of the \$17.5 million grant to SER and truck driver's training school grant to J.A. Reyes and Associates.
- 9. Rodriguez finalizing the Spanish Speaking surrogates plan for submission.
- 10. Rodriguez arranging for a testimonial to be given to Mrs. Banuelos in Houston, Texas by a Mexican-American Republican group.
- 11. Rodriguez arranging for our surrogates to be main speakers at the forthcoming G. I. Forum National convention.
- 12. Rodriguez working with Senator Tower's office to see that grant announcements are funneled through that office whenever possible.
- 13. Working with Ray Romero at OMBE in getting assistance for the minority contractors association, Corpus Christi, Texas.
- 14. Conde is working with Larry Kaufman on contract signing ceremony with Carlos Villarreal and two Mexican American firms. One is Joe Reyes, the local consultant. Will try to work Finch into ceremony.
- 15. Conde worked with Cabinet Committee in bringing E. B. Duarte as the new PIO officer. His presence is expected to significantly upgrade the quality and quantity of CCOSS news activities.

16. Conde is working to get more news visibility for Montejano, the Mexican American appointed to Interstate Commerce Commission. CCOSS did a press release on Montejano. Conde did a news spot for Mutual Spanish network and also contacted ICC-PIO to discuss publicity. Will work with them on the dissemination and am also thinking of doing special mailing on him.
17. Conde is working with Gil Pompa on his film "Viva" and still looking for suitable format to present it in Washington. It is a one-hour film produced independently in cooperation with Community Relations Service of Justice. Story line is on Mexican American culture and includes Spanish Speaking celebrities.
18. Conde talked to 45 LULAC student interns on the White House and the Nixon Administration. Concentrated on the appointments and achievements of President on behalf of the Spanish Speaking.
19. Conde is working with Mo Garcia of Cabinet Committee on television projects involving Presidential appointees. The plan is to include one or two Presidential appointees in key Spanish Speaking cities in the Southwest and let them face a panel of local newsmen. The format would be the Nixon Administration and the Spanish Speaking. Garcia has already set up one with KTLA in Los Angeles. Conde will work on San Antonio, Corpus Christi, Houston and the Rio Grande Valley.
20. Conde discussed with Census Bureau the upcoming social and economic report on the SS. The report will show that the SS are doing better by comparison than the Blacks and the question is whether the report should show the comparison. It will have a SS-Anglo comparison which is course will show the Whites in a dominant position. The representative also talked to Des Barker on this. Conde discussed this with Alex Armendariz of 1701 and the inclination is not to show SS-Black comparisons. Report is due out July 20 and Conde will look over the figures with the Census representative and determine if other than Census media dissemination is warranted.

cc: Ray Hanzlik
 ✓ Alex Armendariz
 Carlos Conde
 Henry Ramirez
 Tony Rodriguez
 Tom Korologos
 Dan Kingsley Rob Davison
 Stan Anderson Bill Rhatican

EXHIBIT No. 262-34

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006 (202) 333-0920

July 12, 1972

- Take care of
for no 7/25/72. Shukl
Brown commission
deleted.

MEMORANDUM FOR WILLIAM MARUMOTO

FROM: ALEX ARMENDARIZ

SUBJECT: SELECTED CHARACTERISTICS OF PERSONS AND FAMILIES
OF MEXICAN, PUERTO RICAN, AND OTHER SPANISH
ORIGIN: MARCH 1972

We have reviewed Mr. Joseph R. Wright, Jr.'s memo to Mr. Desmond Barker on the subject matter and offer our views on the subject, hoping some action can be taken to stop publication for the reasons mentioned below.

One of our severest handicaps during the early stages of the campaign is the necessity to counter the poor image given the Spanish-speaking community by various agencies of the United States Government itself. The Civil Service Commission's report which engendered such headlines as, "Chicanos Cheated in Public Schools" and "Mexican-Americans Receive Little from Public Schools," is a prime example. On several occasions we have disseminated our views on the publication of surveys inimical to our efforts. Our position is that any statistical data which show the Spanish-Speaking community lagging behind other elements of the population will be construed as the fault of the incumbent government. If it is absolutely necessary to release such material, it should be coordinated with, and preceded by, announcements of Government programs designed to alleviate the specific poor conditions. Furthermore, it would be well to make such presentations reflect the Administration's concern and empathy for those members of the community involved. Specifically, with reference to the attached, we find all but the straight demographic material potentially damaging to our current objectives. To bring home to a segment of the population one is wooing, facts that look either like, (1) their shortcomings as viewed by us, or as (2) our failure to help them, would not be considered an intelligent campaign strategy. We, therefore, recommend that while publication of the report can do no good, it could do considerable harm. It would amount to supplying the Democrats with more campaign material. As the facts in these studies

MEMORANDUM FOR WILLIAM MARUMOTO
FROM: ALEX ARMENDARIZ
JULY 12, 1972

are mere updating of things everyone knew anyway, maybe it could be held up until after the election. It is hard to see why it should be considered in anyway vital.

Another fact which we have been trying to make manifest is that Spanish-Speaking Americans strongly resent being lumped into a heterogeneous category labeled "minority." Spanish-Speaking Americans are proud of their heritage and culture, and react adversely whey they are not dealt with singly. For this reason and the reason given by yourself vis-a-vis polarization, we recommend that the two groups be treated singly.

bc: Frank Herringer

EXHIBIT No. 262-35

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

July 14, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILLY MO) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of July 10-14, 1972

The following action took place this week:

1. Personnel

- a. Sylvia Garcia of Dallas, Texas interviewed by Henry Ramirez, Tony Rodriguez, Carlos Conde, Alex Armendariz, Frank Herringer and myself for a fieldwoman's slot for Alex's staff at 1701. Impressed everyone and very likely to be hired.
- b. Tony Rodriguez and I met with Ed Hidalgo of USIA who is anxious to assist in the re-election of the President, and is willing to spend full-time on the campaign.
- c. Ray Hanzlik and I continuing to work on the Executive Director's slot at CCOSS.
- d. Charlie Leyba of Los Angeles to come on board next week on a consultant basis to begin planning on the SS conference of the Seventies.
- e. Rodriguez met with the newly-appointed Deputy Director of HEW's Office of Spanish Surnamed Americans, Phillip Garcia for an orientation session.

-2-

- f. Rodriguez working on the swearing in of the newly-appointed RMA and his deputy, for the Department of Labor in Dallas.
 - g. Rodriguez working to obtain jobs for two Cubans from Dade County, Florida via Dr. Edgar Buttari, a friend of the Administration.
 - h. Rodriguez working with Senator Tower's office to get Abe Ramirez, a Houston Democrat attorney cleared politically for a possible high-level appointment. Ramirez is supportive of the President.
 - i. Rodriguez also working with Tower's office re Larry Ramirez for the regional director's job with EEOC (GS-16)
 - j. Rodriguez assisting Dr. Bruno Trevino at EEOC regarding a promotion.
 - k. Rodriguez spoke to Manuel Ruiz, a well-known Los Angeles Attorney to serve as a co-chairman for the Committee for the Re-Election of the President, representing the SS community.
 - l. Rodriguez working with Paul Gomory to determine how many SS supergrades are at non-domestic agencies such as State, OAS, Inter-American Bank, etc.
 - m. Working with Wally Johnson and Dan Kingsley re the confirmation of Rudy Montejano to the ICC. Appears a few weeks away.
 - n. Working with the Department of Commerce people re the Deputy Director of OMBE (GS-17).
 - o. Developed candidates for the Executive Director of the Inter-American Bank.
2. Rodriguez and I are compiling a master list of SS names for The White House mailing list. Contacting our key people in about a dozen states to accomplish this.

-3-

3. Rodriguez working with the Puerto Rican community in New York and New Jersey to generate invitations for our SS surrogates.
4. Rodriguez met with Paul Wood, Vice President of Consultants International re assistance in forming a training seminar for SS businessmen.
5. Rodriguez spoke to Jose Casanova, State Chairman of the National Hispanic Finance Committee for Florida and Dr. Arturo Hevia, Chairman of Cuban-Americans for the Re-Election of the President for Florida re the running feud between Manuel Giverga of Washington, D. C. and Dr. Edgar Butarri of Miami. Tony suggested they stop answering charges in the newspapers generated by Giverga's man in Miami.
6. Rodriguez working with Al Cruz of DOL and Ollie Olivas of the Southwest Council of La Raza re the Council's national convention in Washington, D. C. next month.
7. Rodriguez working with the planning committee of the GI Forum re speakers for their national convention July 28-30 in Washington, D. C. Secretary Hodgson, Carlos Villarreal, Henry Ramirez and Phil Sanchez lined up thus far.
8. Henry Ramirez and I met with Joe Cosand, Deputy Commissioner of Higher Education at OE re grants in the SS area.
9. Met with Bill Rhatigan re Blair House dinners for our SS leaders on September 14 and October 12. Also discussed the SS situation from a PR point of view and his role as an advisor.
10. Spoke to Nick Ruwe of the protocol office at State Department re arrangements for the July 25th SS appointees meeting at the Blair House.
11. Contacted Nate Bayer of the Domestic Council re the next progress meeting on OMBE grants.

-4-

12. Armendariz and I reviewed Census material on the SS that is to be released soon. Recommended some information be held back.
13. Continuing to work on the charter for a Cuban-owned and managed bank in Miami. Appeal now being considered by the Comptroller's office.
14. Wrote a memo to the both of you re where I personally feel the priorities are in terms of our group's role for the next few months.

cc: Ray Hanzlik
Carlos Conde
✓ Alex Armendariz
Tony Rodriguez
Henry Ramirez
Tom Korologos
Dan Kingsley
Rob Davison
Bill Rhatican

July 17, 1972

Addendum to Weekly Report of July 10-14, 1972

15. Conde worked with La Luz Magazine on a cover story montage it is planning for its October issue. It will have the President in the center surrounded by a group of Spanish Speaking appointees and key Administration officials. A local art man is working on the cover.
16. Three brochures are on the way -- two with the Cabinet Committee and one with the Office of Education. OEO is supposed to give a production plan by Monday on their brochure and will pursue Commerce and Labor this week. Conde is being careful not to flow the market with brochures in August and September and also to maintain the informational value of them. Conde met with slight problem at OE, mostly bureaucratic, but Des Barker pulled him out of that one.
17. Conde planned the White House ceremony on the swearing in of John Buggs as Staff Director of the Civil Rights Commission. Justice Thurgood Marshall did the swearing-in. It was well-attended by the media and we got some good verbage from Buggs. Leonard Garment presided. Stan Scott assisted.
18. We are planning a similar ceremony for Luis Nunez, a Puerto Rican who was named Deputy Staff Director. Nunez wanted it for next week but we will wait about two weeks before doing it. Henry Ramirez will do the swearing in.
19. Conde wrote the lead story for Cabinet Committee newsletter on visit of President Echeverria and produced picture for it.
20. Conde did a radio show on WRC radio on Nixon Administration and the Spanish Speaking and his work at The White House. A lot of questions were political centered around Democratic convention and upcoming election. Can get a tape of the interview if you want to listen to his remarks.
21. Conde worked on the upgrading and addition of Spanish Speaking media list with the Cabinet Committee. This latest list will be given to the Re-Election Committee.

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22. Conde met along with other members of Klein staff, RNC on the media plans for the upcoming convention.
23. Conde is working on a plan to utilize Spanish Speaking radio at the convention and from August to November at the Re-Election Committee. Has a sprospect who will be willing to do the audio for us.
24. Conde worked on the campaign slogan and ways to trim it down to make it snappy. No es solamente que viva la raza pero que cuente la raza was reduced to President Nixon hace que cuenta la raza. The latter is proposed for bumper stickers.
25. Conde produced about 700 words on answers to political issues involving the Administration for Mrs. Banuelos. She is doing several radio shows in Los Angeles and needed assistance on the political questions she is sure to be asked. He prepared suggested replies to some of the more obvious questions.
26. Conde is working with Valdez on the upcoming GI Forum convention in Washington. We have some good players speaking but the Democrats' heavy guns like Kennedy and Montoya are scheduled to speak. Conde is trying to top them by getting the slot for the windup speech.

EXHIBIT NO. 262-36

ADMINISTRATIVE-CONFIDENTIAL

July 19, 1972

MEMORANDUM FOR:

ROB DAVISON

FROM:

BILL (MO) MARUMOTO

SUBJECT:

Development Associates

Development Associates headed up by Leveo Sanchez, is a Washington-based consulting firm that has been funded for \$1 to \$2 million dollars by our Administration.

Sanchez prior to the formation of this firm was Regional Director of OEO under Sargent Shriver and prior to that with the Peace Corps working for Frank Maniewicz (one of McGovern's campaign co-chairmen) and Jack Vaughn.

Most recently he was awarded a five-year grant for \$722,383 from HEW to evaluate an experimental school program and he also received an 8a SBA contract for over \$200,000 to evaluate bi-lingual education programs in the U.S. It also appears he will be obtaining a \$30,000 grant from HUD, Region IX relatively soon. In addition, he is presently under consideration at DOL for a \$70,000 grant.

This is a classic example of a firm, not necessarily on our team, which is making a comfortable living off of us. These are grants that we're aware of which indicates they may have a few others.

I would recommend if it's not too late, we stop the proposals at DOL, and HUD.

cc: Alex Armendariz
Tony Rodriguez

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006 (202) 333-0920

July 24, 1972,

CONFIDENTIAL

MEMORANDUM FOR ROB DAVIDSON

FROM: ALEX ARMENDARIZ

SUBJECT: DEVELOPMENT ASSOCIATES

We have inquired about Development Associates and have learned of their close ties with the DNC and Cesar Chavez. We fully concur with Bill Marumoto's memo of July 19.

cc: William Marumoto
Tony Rodriguez

EXHIBIT No. 262-37

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

July 21, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (MO) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of July 17-21, 1972

The following action took place this week

1. Requested comments from the SS Task Force re The Theme and Issue Schedule for Full Committee Hearings and Witness Schedule for the Republican Platform Committee and forwarded them on to Ed Harper.
2. Met with Dan Kingsley re the Manuel Giberga-Edgar Buttarri feud. We are taking positive steps to resolve the situation.
3. Alex Armendariz, Tony Rodriguez, Carlos Conde and I are all involved in the SS Democrats for the President. Press conference with eight representatives from throughout the country will be held next Wednesday. Clark McGregor is being asked to introduce the group. We will have the only Mexican American councilwoman (City of Dallas, Texas) and the young represented.
4. Met with Dave Florence, Alex's new fieldman for California re orientation session.

-2-

5. Alex, Carlos and I met with Bill Rhatican re miscellaneous PR problems and will continue to meet on a weekly basis.
6. Carlos and I met with Ken Clawson re responsibilities, etc. in the SS area of The White House and 1701.
7. Checked on Mayor Sam Yorty's credibility with the Mexican American community for Dan Kingsley.
8. Tony checked out Dr. Alex Bravos of Los Angeles for Finch.
9. Continuing to work with Rob Davison re a Cuban bank charter in Miami.

10. Grants

- a. Following an inquiry from HUD, recommended they award a \$50,000 film contract to Nick Reyes & Associates of Washington, D. C. over two other SS firms. He has been most helpful to Carlos.
- b. Recommended to Rob Davison that he carefully review the background of Leveo Sanchez whose firm has been receiving a number of grants.
- c. Tony and I met with Art McZier, Assistant Administrator for Minority Business Enterprise re SS grants and loans.
- d. Met with Jerome Jaffe of the Special Office of Drug Abuse re grants possibilities for the SS community.

11. Personnel

- a. Keeping in touch with Rudy Montejano, the recently nominated ICC member re his confirmation by the Senate. This is expected to occur within a month.
- b. Concurred with Under-Secretary Lynn at Commerce to put a non-SS person in as Acting Deputy Director of OMBE while a full-scale recruiting effort is made for an SS individual.
- c. Working with Rob Davison to get Larry Ramirez on board as the Regional Director (GS-16) of EEOC.
- d. Rodriguez working through Rob Davison in finding candidates for Director, of Bilingual Education, HEW. The Acting Director is Albarf Pena.

-3-

- e. Rodriguez developing a new list of candidates for the Deputy Director slot at OMBE. Also working through Rob Davison on this.
 - f. Rodriguez developing candidates for Contract Compliance Deputy Director, Department of Labor through Rob Davison.
12. Rodriguez setting up a meeting with HEW's Spanish Speaking caucus for next Tuesday to explain our work and to see how we can assist them. This group is recognized by the Secretary and they need assistance in implementing the 16-Point Program.
 13. Rodriguez worked on and received agreement of four strong Democrats to come to Washington to take part in the press conference in which they will publicly endorse the President. They are: Mrs. Anita Martinez, Dallas City Councilwoman; Santiago Grevi, Commissioner, Narcotics Board, N. Y.; Luis Rios, Merchant who was named Puerto Rican of the year, N. Y.; and Benjamin Leon, President, Clinical Association, Cubana.
 14. Rodriguez assisting Pete Villa, National President of LULAC in obtaining employment as a consultant within government.
 15. R. met Don Dunlap, SBA, to help him identify some of the "good guys" applying for assistance in his shop.
 16. Rodriguez working with Ed Aguirre and his group in planning Phil Sanchez' appearance in California between now and November.
 17. Rodriguez working with Patsy Von Schegel in charge of surrogates in California to program Mrs. Banuelos on her appearances in California.
 18. Rodriguez met with Manuel Giberga to assure him that Buttari's forces were no longer at war with him. He feels we should find him a non-paying spot in State or USIA before the convention.
 19. Rodriguez met with Congressman Lujan, who wants some of his key constituents on agency boards and commissions. He will send a list so we can forward to Rob Davison.

-4-

26. Working with White House photo office and designer Dan Lopez on pictures of President and SS appointees to be used for cover story in October in La Luz magazine of Denver, plan national distribution.
27. Department of Labor manpower magazine has all Spanish edition scheduled for September. I am contacting magazine editors so I can review the articles and make sure it gets the required Administration emphasis.
28. Worked with Larry Kaufman, PIO for Carlos Villarreal on fluff piece on Villarreal. The final version is a good feature story and DOT will mail to SS press with picture as soon as possible.
29. Am working with Hector Santana of OEO on brochure. Santana knows what we want and is supposed to give me a production schedule next week.
30. Still working on Mrs. Banuelos PIO. Her candidate was out of the city this week.

Weekly Activity Report: Carlos Conde

31. Arrange a video and radio screening of Miss Hebe Russo, correspondent for Mutual Broadcasting Hispanic division. It will be valuable for the campaign to produce radio news spots in Spanish using a trained professional voice. Miss Russo has these qualities.
32. Produced a briefing paper on SS topics for John Connally to be used on network show on Sunday. Included some of the more pertinent facts about the Administration and the SS.
33. Met with Leo Cardenas of Justice's Community Relations Service. Cardenas is a SS journalist with solid media experience. I need his assistance to produce more White House mailings. Cardenas and his boss, Ben Holman, agreed to let him assist me on a limited basis. Worked out the details with Ken Clawson.
34. Helped arrange the press activities for the announcement of SS Democrats for Nixon which is being coordinated by Armendariz' shop. It will include press and radio dissemination with follow-up mailings to the SS media. Am working closely with Mike Venute of Committee to Re-Elect who is in charge of press arrangements.

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The following by Carlos Conde:

20. Met with Alex Armendariz to discuss the media needs of his SS division in relation to the White House. Wrote a proposal on the need and the how-to on a newsletter. Because of the political sensitivity Armendariz' shop must begin pursuing an independent media program keyed chiefly on issues. No plan has been established for this phase and will produce a suggested format for Armendariz which we will discuss in Tuesday meeting with Ken Clawson.
21. Had two lengthy meetings with Office of Education information specialists on bi-lingual brochure. They have come up with a very interesting format that gives prominent attention to the Administration's role. On Thursday, they brought the preliminary sketches. Need to work out some details on pictorial emphasis. Gil Chaves and Albert Pena of OE working closely with me on this. I will involve SS task force at next meeting.
22. Met with representatives from Federal departments to ask for final update on Administration achievement list. Each representative will take it back to department for updating from May. Due COB Tuesday. This is the final sign-off and what we will use the rest of the year.
23. OMBE, OEO, Labor, Migrant Division OEO, bi-lingual program division and Cabinet Committee and Job Corps are producing briefing papers for my office due Friday, July 28. Met with them this week to tell them what was needed in the briefing papers. Plan to use this for surrogates kits and Administration officials who need information on the SS programs and issues.
24. Am working with Fernando Del Rio, television producer from Los Angeles on the production of a SS GI film. Needs Defense Department to help him defray transportation costs. DOD said no. However, I feel the film will have good effect on SS. The outlay is about \$25,000. Working with Del Rio on another angle-involving GCOSS and allowing Ramirez to make film introduction and for us to have editing participation. To be distributed in Southwest.
25. Am working with Luis Nunez, Henry Ramirez on swearing in of Nunez as Deputy Staff Director of Civil Rights Commission. Nunez is highest ranking Puerto Rican. Will follow same format used for Bugg's swearing in. Scheduled for Roosevelt Room, Monday, July 23 at 10:30 a. m.

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35. Wrote first draft statement to be given by Alfred Hernandez at SS Democrats for Nixon press conference. The statement is also submitted to Colson's office who requested two different statements to be used by SS Democrats for Nixon. Armendariz advised me that to his knowledge this was not related to his Wednesday press conference activities. Doug Hawlett, who sent the memo via Marumoto, also did not know the reason for the two statements. I submitted the draft statement prepared for Armendariz' shop and will send the second when I do the rewrite.
36. Met with E. B. Duarte of Cabinet Committee to discuss progress of two brochures which CCOSS is producing. The production will be contracted out and Duarte has lined up the writer and designer. One brochure is a general topics brochure on the CCOSS that underscores the role of the President. The second brochure is contemplated as a "Hispanics In Government" similar to that produced by Blacks. Still have to wrinkle out some policy issues which we will discuss with Chairman Ramirez. Issue is how to make it apolitical. One suggestion is to make a sort of SS directory of key federal officials that constituents can contact like they do their congressmen.
37. Am working with Duarte on the raw film footage taken of President Echeiveirra's visit. Really don't have much to work with but I feel we have to do something with this expensive footage. We are working on the possibilities of a 24-minute documentary that depicts President's involvement with SS through the Echeiveirra's visit. More of an inferred message. We must move fast on this to get any useful mileage and Duarte is lining up outside producer.

cc: Ray Hanzlik
 Carlos Conde
 Alex Armendariz ✓
 Tony Rodriguez
 Henry Ramirez
 Tom Korologos
 Dan Kingsley
 Rob Davison
 Bill Rhatican

EXHIBIT NO. 262-38

THE WHITE HOUSE
WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

July 28, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (MO) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of July 24-28, 1972

The following action took place this week:

1. Alex Armendariz, Carlos Conde, Tony Rodriguez, 1701 PR, Alex's staff, and I were all involved in the Spanish Speaking Democrats for the President Press Conference yesterday. From some quick checks across the country today, we received good and favorable coverage in the media. Alex is to follow through on a continuing program.
2. A number of us attended some portion of the G I Forum National Convention at the Statler-Hilton Hotel this week. Secretary Hodgson delivered an address along with Romana Banuelos, and Carlos Villarreal.
3. Conde and Armendariz are reworking the Spanish Speaking position of the Republican National Platform plank for Ed Harper.
4. Armendariz, Conde and I met with Ken Clawson on Tuesday to discuss our respective roles and iron out some problems.
5. Met with Fred Mendoza of the U.S. Jaycees re a recognition program he is putting together in conjunction with the Cabinet Committee.

-2-

6. Met with Pete Villa, National President of LULAC, and Richard Zazueta, National Director of SER, re our assistance.
7. Rodriguez and I met with Rod Brady, Assistant Secretary for Management at HEW re the Spanish Speaking.
8. Rodriguez and I met with our black counterparts and Nate Bayer today re OMBE grants. Some progress is being made but all too slow. OMBE has been very unresponsive.

9. Grants

- a. Ray Hanzlik, Rob Davison, Rodriguez and I have all been involved in increasing a grant for SER out of Labor. It will average out to about \$18 million for FY'73.
- b. Rodriguez is working with Rob Davison re proposals for two Texas Chicano firms, GPI and Urban-Research, which were submitted at Labor.
- c. Bud Evans, Armendariz and I have been working with Herman Gallegos of Human Development Corporation of San Francisco regarding an OEO aging grant for \$1.5 million. It appears it will be announced the latter part of August.

10. Surrogate Program

- a. Rodriguez is working with Pat O'Donnell re the Southwest Council of La Raza National Conference in a rrranging for Under Secretary Jack Veneman and Assistant Secretary Pat Hitt as speakers. In addition, he has some of our SS surrogates as speakers.
- b. Rodriguez working with Hector Rodriguez, Executive Director of the Puerto Rican Conference re surrogate appearances in New Jersey. He also has the Governor of Puerto Rico and the Mayor of San Juan as surrogates.
- c. Rodriguez will be on a Puerto Rican TV show this Sunday in New York. This has the largest PR audience in New York and New Jersey.
- d. Rodriguez assisting Banuelos re Senator Tower's record with the SS.

11. Armendariz, Rodriguez and I met separately with a small group of Puerto Ricans from New York active in the National Hispanic Finance Committee and brought in by Ben Fernandez, its Chairman.

-3-

12. Under Secretary Veneman pinched-hit for Bob Finch at Tuesday evening's Spanish Speaking Appointees meeting at the Blair House. He did an outstanding job. Next meeting is scheduled for August 15 at the Taylo House.
13. Personnel
 - a. Developed SS candidates from California and Texas for Dan Kingsley re the UN Delegation.
 - b. Rodriguez developed candidates for the Board of a new in-town housing experimental program in San Antonio for HUD.
 - c. We have now appointed 45 SS to Presidential and super-grade positions versus six for Johnson and three for Kennedy. Conde to play this up.
 - d. Rodriguez developing SS candidates for 1701 for two committees; Attorneys for the President and Athletes for the President.
 - e. Rodriguez met with Lorenzo Ramirez, Special Assistant Associated to National Service, (GS-16), one of our newest appointees re orientation.
14. Conde working on a suggestion by Connie Stuart for White House theatre showing of "I Got a Friend," a bi-lingual education film produced by Dan Moss, husband of Vickie Carr. Connie saw the film in California and believes it has good potential for a White House showing involving Vickie Carr and perhaps one of the Nixon girls. It would present positive aspect for President Nixon on bi-lingual education, one of the chief issues among Spanish Speaking in the coming campaign.
15. Tony Rodriguez' office receiving a lot of mail on SER, (A Spanish Speaking manpower program) saying Administration ignoring it. Tony asked Conde to help him draft a reply to writers. Asked for particulars on issue from Department of Labor.
16. Conde working with Office of Education on brochure. Helping them get materials from Library of Congress and hopefully expects first proofs in about a week.
17. Conde working with OEO on brochure. Their outline and production plan arrived Friday and looks good. He will emphasize the President's role. Shooting for a September 10 deadline.

- 4 -

18. Conde completed the updating and checking for accuracy on the Administration Achievement list. The pertinent departments reviewed it, updated it and signed off on their section as being factually accurate. Sent copy to Marumoto for rapid approval by Domestic Council and then to Armendariz for insertion in Speaker's kit.
19. Conde worked with Mrs. Banuelos and Alan Wade on her public information officer. They recommended Stan Armstrong which Mrs. Banuelos favors. However, Armstrong asked for GS-15 grade and Mrs. Banuelos wants to offer only GS-14. If Armstrong doesn't accept a GS-14, we're back looking again.
20. Conde arranged a White House tour on Wednesday, August 2, for 45 Spanish Speaking youths interning with government agencies. Henry Ramirez will meet them after tour on White House lawn for pictures and Cabinet Committee will mail pictures and releases to various hometowns.
21. Conde arranged for the swearing in of Luis Nunez, Deputy Staff Director of U.S. Commission on Civil Rights and top ranking Puerto Rican in Administration. Ceremony will be held 10:30 a.m. Monday, Roosevelt Room. Cabinet Committee and Civil Rights Commission are handling press releases and followup activity. White House photographer will take pictures for Conde's use. Also involving White House press corps.
22. Conde worked on draft statement for press conference announcing Spanish Speaking Democrats for Nixon. Worked with Alex on the coordination. He placed individual calls to his media contacts in Texas and the Southwest. Al Snyder helped with network television and we received good coverage in all papers except Post which did not run story.
23. Conde tracked down the happening on the dismantling of minorities division in opposition party. Talked directly to person who headed the division who is his personal friend.
24. Conde arranged radio show appearance for WRC Sunday Hispanic talk show. Had Rodriguez originally scheduled but for Hatch reasons replaced Tony with Bert Gallegos.

-5-

25. Conde arranged with State Department and Community Relations Service (Justice Department) for showing of Viva, a film produced by Chicanos, at monthly meeting of surrogates.
26. Conde got press accreditation for El Sol of Houston to cover Republican Convention in Miami Beach in August.
27. Conde worked with various agencies on the production of position papers on Spanish Speaking issues. They were due Friday and will submit to Alex Armendariz for use in speaker's kit. Conde will also use for development of media news stories.
28. Conde working with La Luz Magazine on cover layout of President Nixon and Spanish Speaking surrogates for October issue.
29. Conde working with Cabinet Committee PIO on the development of two brochures, a radio news program and the production of film on the visit of President of Mexico. Must move fast if we are to get any value out of it.

cc: Ray Hanzlik
Alex Armendariz ✓
Carlos Conde
Henry Ramirez
Tony Rodriguez
Tom Korologos
Dan Kingsley
Stan Anderson
Rob Davison
Bill Rhatican


EXHIBIT No. 262-39

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006 (202) 333-0920

August 3, 1972

MEMORANDUM FOR THE HONORABLE FREDERIC MALEK

FROM: ALEX ARMENDARIZ 

SUBJECT: SPANISH-SPEAKING ORGANIZATIONAL CHART

Attached is the Spanish-speaking organizational
chart and phone numbers for your convenience.

bcc: Henry Ramirez

Mo Marumoto
Carlos Conde
Tony Rodriguez
Frank Herringer
Stan Anderson
SS Appointees

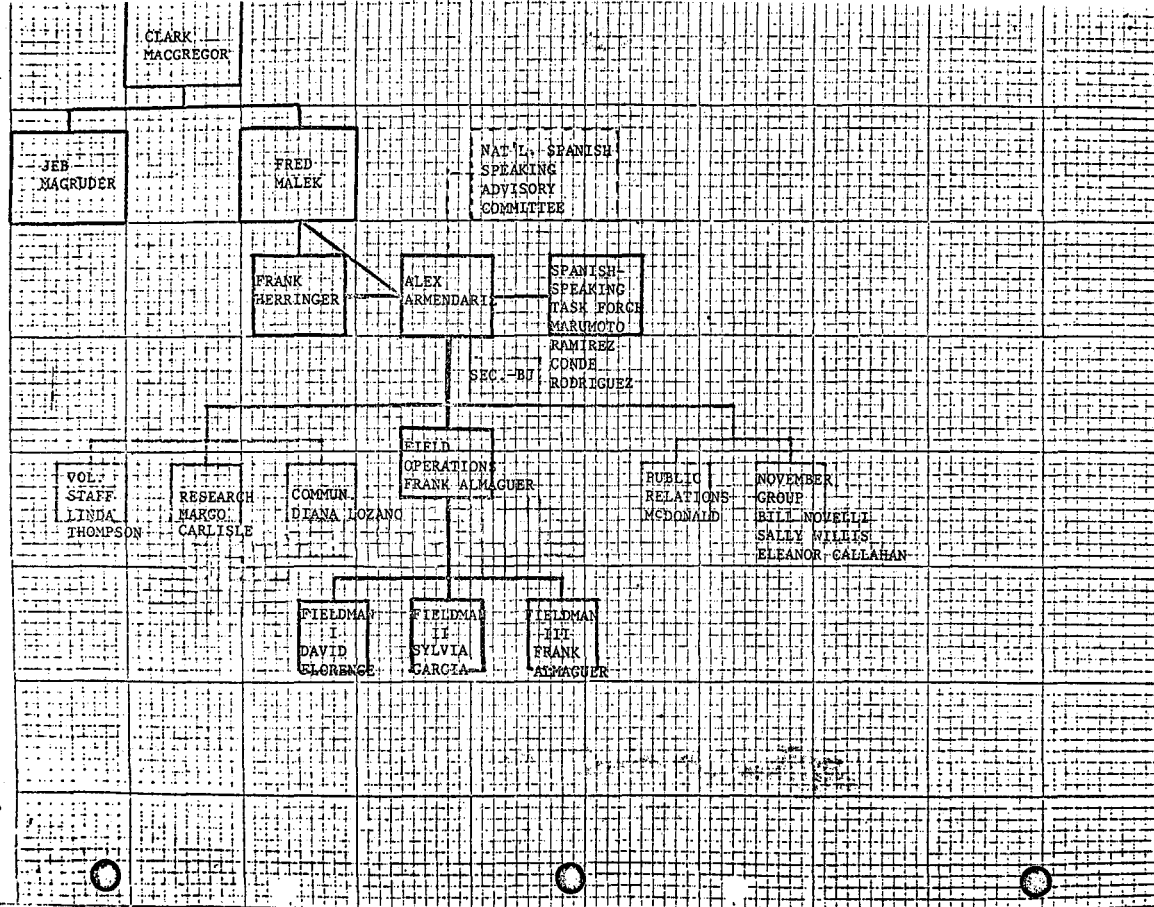


EXHIBIT NO. 262-40

Surrogates 956

S/H
FCH
RI
JLL

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 8, 1972

MEMORANDUM FOR: FRANK HERRINGER
FROM: A. F. RODRIGUEZ (M)
SUBJECT: Surrogate Plan

In reference to your memo of August 3rd on the above subject:

1. Tab D1 - We are not restricting this area to Presidential appointees only. We have included such persons as Governor Ferre; Carlos Romero Barcelo, Mayor of San Juan; Commissioner Cordova, etc.

The hatched supergrades have also been instructed to make as many appearances as possible in key media markets. This is starting to improve. Until the plan was approved, we had no actual authority to enforce the rules or requests. Up to this point, we are continuously having to push the surrogates in many areas.

2. In reference to the reporting system, we still have it on a monthly basis. These reports will be sent to you and as soon as we get all to send their reports weekly, we will send them to you also.

cc: Bill Marumoto
Alex Armendariz

August 3, 1972

MEMORANDUM FOR:

TONY RODRIGUEZ

FROM:

FRANK HERRINGER

SUBJECT:

Surrogate Plan

As I told Mo, your surrogate plan is excellent, and we hope you are proceeding to implement it fully.

Two comments:

1. Schedules. The proposed appearances for Presidential Surrogates (Tab D) only include Presidential appointees. I assume you are proceeding to obtain commitments from the supergrades and non-government types, and are developing schedules for them. There is no reason why Hatched supergrades should not make their non-partisan appearances in key media markets.

2. Reporting System. I would be interested in receiving copies of your weekly reports (Tab D3).

cc: Alex Armendariz
Bill Marumoto

FCH:mrr

EXHIBIT No. 262-41

THE WHITE HOUSE
WASHINGTON

August 8, 1972

MEMORANDUM FOR:

ALEX ARMENDARIZ
TONY RODRIGUEZ

FROM:

NATHAN BAYER *NB*

I spoke with John Jenkins this afternoon concerning the current status of your priority OMBE proposals.

In the case of AMEX Civil Systems and Ultra Systems, Inc., John expects to have Requests for Information in their hands by the first of next week. I strongly advise you to encourage them to complete the RFIs as quickly as possible and return them to Jenkins. He assures me that even in the absence of their completion, he will have the investigation and security clearance begun and the audit begun.

In the case of Southern California Latin American Contractors Association, John tells me that the security check is currently under way, and we will have a final report by the end of next week for sure.

In the case of the Southwest Council of Laraza, John met with them this morning and spoke with them for about two hours. John is very impressed with this group and says that he would have no difficulty in funding them. He awaits your signal on this matter.

Please let me know how you wish to proceed with this as soon as possible.

I trust that the \$600,000 SBA contract, announced August 7 in Los Angeles by Bob Finch to AMEX Civil Systems will hold them until we can complete action on their OMBE proposal.

cc: Bill Marumoto

cc Henry Ramirez 8/9
Est 30 Grants

~~CONFIDENTIAL~~
GRANTS

OMBE

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006 (202) 333-0920

File
OMB2

July 26, 1972

MEMORANDUM FOR NATHAN J. BAYER

FROM: ALEX ARMENDAREZ

SUBJECT: OMBE PROPOSALS

We have reviewed the list of proposed grants to be funded listed in your July 24th memo. Two of those listed that appear to be not funded at this point are highly recommended by this office.

Spanish-Speaking Business Alliance, Los Angeles

Amex Civil Systems, Lawndale, California

The others listed as not funded to date I can offer no opinion due to lack of information.

FRANCIS GARCIA

RJB DAMON

SUMMARY STATUS OF SELECTED APPLICATIONS

AT JULY 20, 1972

Applications currently in process	26
Applications forwarded to other agencies	6
Applications awarded	<u>4</u>
Total	36

<u>Applicant</u>	<u>Location</u>	<u>Ltr.</u> <u>ackn.</u> <u>sent</u>	<u>Prel.</u> <u>eval.</u> <u>completed</u>	<u>RFI</u> <u>sent</u>	<u>RFI</u> <u>rec'd</u>	<u>I & S</u> <u>compl.</u>	<u>Audit</u> <u>compl.</u>	<u>Final</u> <u>eval.</u> <u>compl.</u>	<u>Intrnl</u> <u>circs</u>	<u>To</u> <u>Dir.</u> <u>OMBE</u>	<u>To</u> <u>procure-</u> <u>ment</u>	<u>Date</u> <u>of</u> <u>Award</u>
Garfield Organizations (GO Industrial BRC)	Chicago, Il.	X										
One America Educat. Services	Wash., D. C.	X										
Minority Management & Consultants (Armstrong)	Chicago, Il.		X									
Grassroots Organ.	Buffalo, N.Y.	X										
Spanish Speaking Busin. Alliance	Los Angeles, Ca.	X										
Profiles, Inc.	Hartford, Ct.	X										
CPI Associates	Dallas, Tx.	X										
Harlem Commonwealth Council	New York, N.Y.		X									
Council for Airport Opportunity	Newark, N.J.		X									
Amex Civil Systems	Lavndale, Ca.	X										
N.C. Bus. & Econ. Improvement Corp.	Raleigh, N.C.											
Minority Enterprise Counseling Ctr.	Rocky Mount, N.C.											
The Coastal Bend Min. Contractor's Assist. Assn.	Corpus Christi, Tx.	X										

Prog.
Div.

Field
Oper.

NOV 1960

BY LETTER OF TEXAS CAPS

STANDARD OF N.M. SECRETARIAT

AT JULY 20, 1972

[illegible]

DISPOSITION OF SELECTED APPLICATIONS

FORWARDED TO OTHER DEPARTMENTS/AGENCIES

AT JULY 20, 1972

<u>Applicant</u>	<u>Location</u>	<u>Agency forwarded to</u>	<u>Date forwarded</u>	<u>Name and title of individual forwarded to</u>
Minority Executive Secretarial Resource Ctr.	Chicago, Il.	Dept. of Labor/ Manpower Admin.	5/25/72	Deputy Assist-Secret. for Manpower
Behavioral Research, Inc.	San Francisco, Ca.	Dept. HEW	*	
Harfield Organization Industrial and Commercial Assn. Inc.	Chicago, Il.			
(GO Occupational Skills)		Dept. of Labor	*	
(GO Health Maint.)		Dept. HEW	*	
Urban Technology	San Antonio, Tx.	Dept. of Labor	*	
annon Technical Instit.	Phoenix, Az.	Dept. of Labor	*	

- Letter of Referral being developed by Government Programs Division and will be completed by 7/21/72

EXHIBIT NO. 262-43

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

August 11, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

WFO
BILLY (MG) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of August 7-11, 1972

The following action took place this week:

1. Working on additional schedule proposals for the First Family.
2. Carlos Conde and I working with Doug Hallett on mailings for next three months.
3. Tony Rodriguez and I met on Tuesday with Pete Mireles of OEO in a stroking session.
4. X Met with Fred Mendoza on Tuesday of the U.S. Jaycees re progress on a special recognition program he's been working on for the CCROSS.
- X Rodriguez and I met on Tuesday with Pete Villa, National President of LULAC re miscellaneous matters.
- X Rodriguez, Armendariz and I met on Wednesday with Ed Aguirre and Fernando DeBaca, Regional Directors of Labor and HEW, Region IX re various matters.
7. Ray Hanzlik and I met on Wednesday with six Puerto Rican leaders from the Northeast

CALL
MO

8. Rodriguez and I working on next Tuesday's Spanish Speaking Appointees meeting at the Tayloe House. We've invited all of the appointees and their spouses. Counsellor Finch is to speak.

9. Armendariz ^{only} and I working on getting three SS Democrats for Nixen as Vice Chairmen.

W Rodriguez assisted the Puerto Rican Homeowners Association of New York obtain a speaker for their banquet in September.

11. Discussed with Bud Krough the advisability of a SS for one of the three D. C. City Councilman vacancies.

12. Personnel

- a. Met with Dan Kingsley and Dick Howard re Rudy Montejano's Senate confirmation to the ICC.
- b. Interviewed Mack Garcia for Romana Banuelos's PIO slot. He will start work shortly.
- c. Developed six SS names for the Foreign Service Selective Board at State Department.
- d. A Mexican American woman from California was selected Wednesday for OEO's National Advisory Council and is going through the security check.
- e. Discussed with Dan Kingsley the Assistant Secretary for Equal Opportunity vacancy at HUD and filling it with a SS. Appears to be a hold on it until after November.
- f. Discussed with Armendariz Ed Hidalgo's deep interest in joining the staff at 1701 and Alex is contemplating hiring him.
- g. Rodriguez is working with Paul Gomory in trying to keep Jose Cardenas from being used as a consultant at the Department of Justice. He is an expert on bilingual education, but very outspoken against the Administration.
- h. Rodriguez assisted Diana Herr, Dick Mastrangelo's staff, in obtaining names of Spanish Speaking female educators for an advisory board at OE.
- i. Rodriguez is working with Alex to get 8,000 volunteer workers in California. We are working through some of our friendly contractors and key regional personnel.

-3-

13. Grants

- a. Rodriguez and I working with Rob Davison on the following:

Development Associates, Washington, D. C., \$75,000 at DOL.

Urban Research, Newport Beach, California, \$400,000 at DOL.

Urban Tech, Dallas, Texas, \$300,000 at DOL.

Southern California Contractors, Los Angeles, California
\$300,000 at OMBE.

SER, Los Angeles, California, \$20 million at DOL.

- b. Rodriguez met with Tom Baca, Student Representative of the California Spanish Speaking Law Students Association re grants information.

- c. Rodriguez is assisting Laszlo Pasztor from RNC with a Filipino group that is having funding problems with OEO.

14. Rodriguez met with Sylvia Garcia, the new field representative for Armendariz, to go over names of contracts in Texas and Illinois.

15. Alex and Rodriguez met with Phil Sanchez and key regional directors in Region IX to discuss how to effectively use the known supporters of the President in the campaign.

16. Rodriguez arranged to have Bert Gallegos at a fund-raising dinner in Kansas for this month. The guest of honor will be actor Lloyd Nolan.

17. Rodriguez met with Rob Davison to go over the list of key contacts we are trying to assist between now and November.

18. Rodriguez is working with Pat O'Donnell in getting Manolo Sanchez exposed to key groups in selected communities (New York, Texas and California).

19. Rodriguez assisted Dick Wise in getting background information for Under Secretary Larry Silberman's banquet speech at the National Conference of the Southwest Council of LaRaza.

-4-

20. Rodriguez met with the representatives of our Spanish Speaking surrogates to give them up-to-date information on the campaign, material for their speeches and a list of key counties in California.
21. Rodriguez met with Andy Gonzalez, OMBE employee, who is organizing the Spanish Speaking in that agency.
22. Rodriguez is assisting Wally Henley in getting a SS priest to assist in a special service given in Miami for members of the Cabinet and selected friends of the Administration.
23. Conde finished the final review and corrections on Spanish Speaking achievement list. It is being typed in final and will be turned over to Armendariz.
24. Conde finished the final review on SS briefing papers. Armendariz will utilize in his campaign kits.
25. Conde is preparing bi-lingual fact sheet as requested by Armendariz. To be completed by August 16th.
26. Conde is continuing to work on President Echeverria's visit to U.S. Received film treatment yesterday, now moving to script. To be ready by September 16th.
27. The first attempt at bi-lingual brochure was a disaster. OE hired writer did not produce the material we wanted to he was replaced with SS writing team. Shooting for September 15th date.
28. Conde completed updating of SS media as requested by Kathy Balsdon and has been submitted.
29. Conde has received constituent's list from Tony Rodriguez and has inserted into White House mailing list.
30. Conde produced a suggested draft reply from Department of Labor for SER funding issue. Rodriguez will use as draft reply.
- BS' 31. Conde has begun the preparation of short fact sheets on SS achievements in the special categories.

-5-

32. Conde is working on a five page summary of SS achievements for Ed Harper's office.
33. Conde worked with Dave Parker's office on several Presidential schedule proposals involving housing for minorities in California.
34. Conde coordinated a White House ceremony for Spanish Speaking Age Ramirez and Dr. Art Fleming spoke to the group. Mailing and photos done for SS media.
35. Conde wrote speech for me for use in San Antonio.
36. Conde assisted Mrs. Banuelos in hiring new PIO officer.

cc: Ray Hanzlik
Alex Armendariz
Carlos Conde
Henry Ramirez
Tony Rodriguez
Tom Korologos
Dan Kingsley
Rob Davison
Bill Rhatican

EXHIBIT NO. 262-44

State Park #2
Box 16

August 18, 1972

MEMORANDUM FOR: JOHN CLARKE

FROM: BILL (MO) MARUMOTO

SUBJECT: Judge Alfred Hernandez

If any vacancies come up for the federal bench in Texas, 1701 and our operation would like to see Judge Hernandez appointed.

He is a Democrat who is presently heading the Spanish Speaking Democrats for the President and is a three-time past National President of LULAC, the largest Chicano service organization in the country.

It would be a real coup if we could appoint him.

Attachment

cc: Dan Kingsley
bc: Tony Rodriguez
✓ Alex Armendariz

State Book #2
Enc 12

June 12, 1972

Dear Judge Hernandez:

It was good to have seen you again and particularly to hear of your interest in supporting the re-election of the President.

I want to emphasize that if you implement your plans as we discussed, the President will adequately recognize you.

Look forward to seeing you at the LULAC National Convention.

All good things to you,

William H. Marumoto
Staff Assistant to the President

Judge Alfred Hernandez
Attorney at Law
515 Kress Building
Houston, Texas 77002

b95-

cc: Alex Armendariz
Carlos Conde
Tony Rodriguez
Henry Ramirez

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006 (202) 333-0920

June 8, 1972

MEMORANDUM FOR:

FROM: ALEX ARMENDARIZ

SUBJECT: ALFRED J. HERNANDEZ

With reference to your appointment tomorrow, Alfred Hernandez is past three term National Chairman of the League of United Latin Americans Citizen (LULAC) and is presently serving on the Democratic National Advisory Committee. Mr. Hernandez has campaigned vigorously for Democrats (Humphrey in '68, included) in past elections and is a well know Democrat (see attached).

Impressed with the President's record in assisting Spanish-speaking and disenchanted with a lack of recognition from Democrats, Mr. Hernandez is considering taking action in public support of the President. Preliminary discussions involved the possibility of Mr. Hernandez coming to Washington along with other leading Spanish-speaking Democrats for a press conference to be held one week after the National Democratic Convention and articulating their support of the President. Mr. Hernandez has hopes that this move will bring him better recognition than he has received from Democrats.

His final decision will be made within a few days after the National LULAC Convention, June 30 to July 1 unless you can help get him committed now.

EXHIBIT NO. 262-45

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

August 18, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL MOON MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of August 14-18, 1972

The following action took place this week:

1. Had one of our best Spanish Speaking appointees meeting last Tuesday at the Tayloe House with Bob Finch as the special guest. Next one scheduled for September 12th.
2. Alex Armendariz, Tony Rodriguez and I met with Pete Villa, National President of LULAC and three of his lieutenants Wednesday evening to discuss miscellaneous items.
3. Armendariz's staff putting together schedule proposals for members of the First Family with special focus in California, Texas, New York and Illinois.
4. Provided a list of Presidential and other high-level Puerto Rican appointees for Bob Haldeman which he requested.
5. Contacted Ben Fernandez re obtaining the services of Caesar Romero to narrate the Echeverria documentary film and other matters pertaining to the National Hispanic Finance Committee.
6. Met with Stan Armstrong, Phil Sanchez's newly appointed Special Assistant re SS matters at OEO.

-2-

7. Working with Carlos Villarreal's staff re an honorary doctorate for him from a college in Texas.
8. Met with Don Dunlap re SS 8(a) contracts at SBA.
9. Requested Carlos Conde to crank up appropriate publicity re the President's nomination of Admiral Horacio Rivero as Ambassador to Spain.
10. Personnel
 - a. Working with Ray Hanzlik re situations at C COSS with particular emphasis on personnel matters. Should resolve within the month.
 - b. Developing candidates for the SS coordinator at HUD.
 - c. Discussed possibilities of a SS Washington, D. C. Councilman with Bud Keough. Negative on next three appointments to be made soon.
 - d. Working with Department of Commerce officials re the deputy director's slot for OMBE.
 - e. Rodriguez met with Carlos Villamiel, SBA Regional Director, New York, who is seeking assistance in getting another position at another agency.
 - f. Rodriguez met with Vidal Cantu from Laredo, Texas in reference to patronage, he is seeking to get more Spanish Speaking Texas Republicans in government jobs.
 - g. Rodriguez discussed with Congressman Lujan the possibility of his announcing the appointment of Dr. R. Dordova-HEW from New Mexico to an Executive Training Course. The employee is the only Spanish Speaking appointed to this exclusive training class.
 - h. Rodriguez met with Elias Rodriguez who works for FAA. He a Republican and seeks assistance to become Legislative Director in that agency.

-3-

- i. Rodriguez met with Oscar Cano, Director of Categorical Programs, EPA. He wants more SS in his Division but feels he needs our push.

11. Grants

- a. Working with Rob Davison re a Southwest Council of LaRaza \$6 million HUD proposal in San Francisco.
 - b. Working with SER officials and Rob Davison re SER's \$18 million manpower grant from DOL.
 - c. Rodriguez met with Sonny Davis, at the request of Senator Tower, to review a proposal for funding an educational Southwest project.
12. Rodriguez discussed with Richard Zazueta, Executive Director of SER, about a complaint that his San Jose, California Director went to the Democratic Convention as a McGovern delegate on SER time and funds. If true, we want disciplinary action taken against him.
13. Rodriguez discussed with Jose Lopez, San Jose, California about his wanting to get ten top Democratic political leaders to meet with him or Alex. The purpose is to get an endorsement from them. The group is disenchanted with McGovern.
14. Rodriguez briefed Ed Hidalgo on Democrats friendly towards the Administration. He want to make a list and meet these people if and when he is asked to serve at the Re-Election Committee.
15. Rodriguez met with Jim Griffen, Director of Headquarters Operations at OEO. He was asking assistance on the Democratic party activities going on in the agency. He asked Bert Gallegos to help on this.
16. Rodriguez is working on a farewell reception for Art Troilo, Assistant to Secretary Romney, who is returning to private practice in San Antonio. He is the first supergrade to leave in over a year and-a-half.

cc: Ray Hanzlik

Alex Armendariz

Carlos Conde

Tony Rodriguez

Henry Ramirez

Tom Korologos

Bill Rhatican

Dan Kingsley

Rob Davison

EXHIBIT No. 262-47

MO
Committee for the Re-election of the President

MEMORANDUM

August 25, 1972

CONFIDENTIAL

FOR: ALEX ARMENDARIZ
FROM: DAVID E. FLORENCE *David E. Florence*
SUBJECT: ED PENA--GS--18, EEOC

At our Nixon Hospitality Room during the LULAC Supreme Council meeting at Anaheim, California, Ed Pena spent a great deal of time attempting to undermine our efforts. Some of typical comments were the following:

I have posters of Nixon in my office showing a little pregnant girl pointing her finger to "Tricky Dicky" and saying "he did it," etc.

During the banquet he addressed the group over the microphone with the following comment:

"Earlier today, I attended a hospitality room for the Re-election of the President. The only President I recognize has already been elected. That President is Pete Villa." Other comments tending to undermine our efforts were also made.

Later, Pete Villa commented, to me, that Ed Pena thought LULAC was getting too Republican and that he, Ed, wanted LULAC to invite Shriver to the October Supreme Council meeting in Washington.

It is my belief that one of the reasons Pete Villa, and Roberto Ornelas follow Ed Pena around and speak up for him is so that they will be in "thick" with the McGovern Administration if McGovern is elected President.

It is my belief that it would be wise to terminate Ed Pena from his position as a GS-18 at EEOC.

EXHIBIT NO. 262-49

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

September 1, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL MOYER; MARUMOTO

SUBJECT:

Weekly Report of the
Spanish Speaking
Week of August: 28-September 1,

The following action took place this week:

1. Sent telegrams on behalf of the President to three National Hispanic Finance Committee for the Re-Election of the President fund-raising dinners in Houston, Texas; New York City and Los Angeles featuring Romana Banuelos, Maurice Stans and Carlos Villarreal respectively. Also one to Art Troilo, Special Assistant to Secretary Romney and the highest ranking Spanish Speaking American at HUD who is resigning as of today to return to private practice of law in San Antonio.
2. Alex Armendariz, Tony Rodriguez and I met with Ed Aguirre, Regional Director of the Department of Labor and Regional Council Chairman for Region IX to discuss miscellaneous SS matters.
3. Alex Armendariz and I met with Ray Hanzlik re the CCOSS and other SS matters.
4. Met with Richard Lazueta, Executive Director of SER, a joint manpower and training program co-sponsored by LULAC and GI Forum and funded by the Department of Labor for \$18 million re their program.
5. Discussed with Alex Armendariz several schedule proposals for the First Family for the next two months.

-2-

6. Working with Kathleen Balsdon to send a mailing to our SS constituents next week.
7. Met with designer Dan Lopez re the cover of the October issue of La Luz, a national Spanish Speaking magazine. They are featuring some of the Administration's top SS appointees.
8. Tony Rodriguez and I met with Ray Romero of OMBE and Dr. Charles Leyba re the Spanish Speaking Conference of the Seventies.
9. Discussed with Rob Davison the prospects of a Mexican American group in Northern California called Banco de Norte who wants to acquire 19 branches from Wells Fargo Bank. Prospects appear dim because of a Justice Department anti-trust suit against Wells Fargo.
10. Grants
 - a. Tony Rodriguez and I met with various representatives re OMBE grants to the black and SS communities. We have approximately 10 SS proposals who should be receiving top priority.
 - b. Met with Bob Mariscal of Mariscal and Associates of Los Angeles who recently received a \$100,000 grant from OMBE.
 - c. Spoke to Leveo Sanchez of Development Associates of Washington, D. C. re his firm's status on federal grants. He formerly worked for Sargent Shriver, Frank Mankewicz and Jack Vaughn at OEO and Peace Corps.
 - d. Tony Rodriguez assisting Gilda Gjulich of Los Angeles re a contract from SBA and/or DOT.
 - e. Henry Ramirez compiling a list of all Puerto Rican grants under this Administration.

TR

So what has this
To do w. Mo?

-3-

- f. Rodriguez assisted in getting Youth Opportunities Foundation, Los Angeles, refunded by OEO. The Foundation's money was cut off effective August 31st.
- g. Rodriguez is working through Rob Davison and Dave Wimer, DOL, in isolating through SBA 8(a), two contracts for CPI Dallas. CPI is extremely cooperative and helpful. The contracts are for \$52,000 and \$85,000.
- h. Rodriguez is assisting a D. C. Spanish Speaking concession contractor, Mrs. Olga Gomez, in getting a GSA contract straightened out. Mrs. Gomez was assured a contract and now finds that no space is available for the firm. Paul Gomory is contacting GSA on this.
- i. Rodriguez is assisting Dave Florence of Armendariz' staff with groups who want to endorse the President. Most want government contracts or information for contracts.
- j. Rodriguez, Ricardo Villalobos, area representative of NEDA visited me. Villalobos asked for our assistance in establishing their new office, i. e., contacts, etc.
- k. Rodriguez has contacted all of our contractors that have pending contracts with OMBE to urge them to complete all requirements requested by the agencies.

11. Personnel

- a. Alex Armendariz, Tony Rodriguez and I met with Nacho Lopez of Los Angeles regarding his interest in the SS coordinator's job at HUD (GS-15).
- b. Armendariz is hiring Ed Hidalgo, former Special Assistant to Frank Shakespeare at USIA as the National Chairman of the SS for the Re-Election of the President. Hidalgo is volunteering his services for the next two months. Armendariz will arrange for press coverage of the appointment.
- c. Developed SS candidates for the National Minority Purchasing Council at Commerce.
- d. Endorsed Rudolph Sanchez of Arlington, Virginia for a Special Assistant to Assistant Secretary Hyde at HUD (GS-15) via Rob Davison.

-4-

- e. Developed SS candidates for the National Credit Union Council.
- f. Assisted in obtaining the release of Rose Mary Bulloth of SER to join Armendariz' staff in Texas.
- g. Working with Cal Collier, Executive Assistant to Under Secretary James Lynn at Commerce regarding some problems with NEDA.
- h. Rodriguez worked with Paul Lavrakas of Bob Brown's shop, in getting a SS representative on a U.S. Army civilian team inspecting bases in Germany. Our participant is Alvin Padilla, San Antonio.
- i. Rodriguez is assisting Ed Hidalgo, at Alex's request, in forming his new office. This includes names of key persons in key states, schedules, speeches, advisors, etc.

.. Surrogates

- a. Rodriguez is assisting Ben Fernandez in getting speakers for his NHFC fund raisers this month in Los Angeles and other areas. Carlos Villarreal and Bert Gallegos will participate.
- b. Rodriguez is working through Alex Armendariz in seeing that our surrogates are invited to the forthcoming MAPA convention. Phil Sanchez will represent the President.
- c. Rodriguez met with Stan Armstrong, Phil Sanchez's Special Assistant, and went over Phil's schedule from now until the election. We reviewed his invitations and will generate some in key areas.
- d. Rodriguez is working with the National GI Forum President in generating banquets for Veteran's Day October 23rd. Hope to have one in San Antonio and Los Angeles. Good exposure for our speakers.
- e. Rodriguez is assisting Frank Almaguer, of Alex's shop, in setting up banquets and appearances for Admiral Rivero, newly designated Ambassador to Spain. New York, Connecticut, New Jersey and Pennsylvania will be key areas we would like to hit.

-5-

- f. Rodriguez is assisting Mack Garcia, Mrs. Banuelos' new PIO man, in her scheduling and also as to what we feel he needs to assist Mrs. Banuelos on.
- g. Rodriguez is assisting Pat O'Donnell in getting one of our surrogates at the Mexican Independence Day Event, San Jose, California, and the Annual Fiesta Pan-Americans Plaza of Mesilla, New Mexico, September 9. We have suggested Carlos Villarreal as first choice for both events.
- 13. Rodriguez is working through Rob Davison to see that Armando Rodriguez, HEW, is kept in line; he is a Democrat that is screening all Spanish Speaking applicants at OE. Commissioner Marland was told about him a year ago.
- 14. Conde is working on bi-lingual brochure. Has had three meetings with writers and designers on brochure and moving on schedule. Final copy due next week and then goes to printer.
- 15. Conde is working on President Nixon-President Echeverria's film. Has reviewed the film treatment and met with project leaders and producer on technical details and financing. Because of problems encountered with getting portions of footage from Navy Lab, the deadline of September 16th has been extended one week.
- 16. Conde is working with me and Ben Fernandez to get name celebrity to narrate film. Gilbert Roland has tentatively agreed to do narration and we are providing his representatives with details.
- 17. Conde reviewed layout and story line for cover story of President Nixon and SS Administration officials due for October issue of La Luz. The cover looks extremely good and will impact among SS.
- 18. Conde did cover letter and White House mailing on Robert Finch and Henry Ramirez visiting with SS summer interns at the White House. Mailed to hometown newspapers in the Southwest.
- 19. Conde did photo and is doing story on White House SS intern Tamara Ortega for mailing to SS media.

-6-

20. Conde is working with E. B. Duarte of GCOSS on brochure featuring SS Administration officials. Reviewed copy with Armendariz and brochure is now on way to printers. Will include about 60 photos.
21. Conde worked on information action plan for bi-lingual education. Armendariz' office has taken care of fact sheets; Conde's office will do about three mailings on bi-lingual education themes with photos and working on bi-lingual film ceremony in White House with Vicki Carr.
22. Conde reviewed three schedule proposals on SS with Dave Parker at my request. Concluded that prospects dim for acceptance so did not submit.
23. Conde wrote and presented Oval Office schedule proposal to Dave Parker for meeting of President with SS surrogates. Need such a meeting for photo taking purposes to use in SS campaign.
24. Conde did a media action plan for Manolo Sanchez at request of Bruce Kehrl. Sanchez is being considered a Presidential surrogate for limited use in SS community media. Suggested in-house feature for Hispanic media and television exposure in California as a starter.
25. Conde worked with SBA PIO on developing more new materials on SS grants and loans, particularly in the Southwest. SBA PIO also produced two feature stories on this subject and will be used for White House mailing.
26. Conde is working with OEO on their brochure on SS programs. Moving on schedule.
27. Conde did a review and recommendation on Madrid's ABC newspaper which is due to begin U.S. edition in October. A White House ceremony is a strong possibility. Suggested that we also do such a ceremony --or replace ABC proposal with domestic SS magazine, La Luz.
28. Conde has been in contact with Dan Moss, husband of Vicki Carr, to do special White House showing of their bi-lingual education film. Connie Stuart viewed it in California and considered it outstanding. Moss and Carr willing to participate in event in early October. Conde will preview film with SS task force before submitting a firm proposal. Part of bi-lingual action plan.

-7-

29. Conde is reviewing two sets of copy for radio and brochure materials at my request.
30. Conde is working with Duarte on CCOSS brochure which is to follow SS officials brochure. He reviewed first draft of copy. Design is in progress by Dan Lopez.
31. Conde reviewed along with Armendariz and myself the copy of Manpower Magazine due in a few weeks and to be special edition on SS programs. Conde discussed with Labor PIOs possibility of flyer or excerpted materials for special mailing rather than brochure due to time element. Will probably go with excerpted material.
32. Conde is trying to locate new Ambassador to Spain Horacio Rivero for more media exposure. CCOSS PIO working on media action plan. CCOSS did press release along with White House release at time of announcement.

cc: Ray Hanzlik
Alex Armendariz
Carlos Conde
Henry Ramirez
Tony Rodriguez
Tom Korologos
Bill Rhatican
Dan Kingsley
Rob Davison

EXHIBIT No. 262-50

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20540

September 8, 1972

MEMORANDUM FOR THE HONORABLE FREDERIC MALEK

FROM: ALEX ARMENTA

SUBJECT: THE RAZA UNIDA PARTY NATIONAL CONVENTION

The first Raza Unida National Convention, held September 1-4 in El Paso, was attended by approximately 2,000 delegates and 1,000 other participants.

Various observers have reported the following significant convention activities and decisions:

1. Jose Angel Gutierrez was elected Chairman of the Convention and of the National Party. In addition, he was elected Chairman of the "Congreso de Aztlan," the Executive committee of the Party. His substantial 3 to 1 margin over Rodolfo "Corky" Gonzalez may be interpreted as a demonstration of preference for the calculated political leadership style of Gutierrez over the militant activist image of Gonzalez. Gutierrez also represents a political strategy centered around La Raza Unida as an instrument to maintain a balance of power between the two major parties.
2. Ramsey Muniz, the Raza Unida candidate for Governor of Texas won a strong endorsement from the assembly. The highest-ranking Raza Unida candidate, Muniz has a clean image with no record of militancy and apparently has the enthusiastic support of the party. Raza Unida will support no other political candidate of either party, including Presidential candidates.
3. The issue of an \$8,000 contribution for Muniz' campaign from the Republican party was brought up in a meeting off the convention floor. A promise was made to publically condemn McGovern if such a donation was made.
4. Cesar Chavez' invitation as guest speaker was cancelled because of his endorsement of McGovern and his efforts to register Democrats.
5. Convention activity was considerably more unified and harmonious than was anticipated. This was largely the result of the death of delegate Richard Falcon of Colorado, which seemed to bring all factions closer together.

cc: Frank Herringer

9/12
BOX 26 - LA
RAZA
UNIDA

Alex-

Do you think we
should do this? I
am doubtful - how could GOP
contribute to a rival candidate?

In addition, it seems
too deep - Raza Unida's
principles should be worth
more than that -
F2

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006 (202) 333-0920

October 30, 1972

MEMORANDUM FOR WILLIAM MARUMOTO

FROM: ALEX ARMENDARIZ

SUBJECT: LA RAZA UNIDA

In view of your concern over the article in this morning's Washington Post on La Raza Unida, please be assured that so far everything went as expected. Far from attempting to control this volatile organization, our aim is specifically to disassociate it from the Democrat party for which its members have voted almost unanimously for decades. It is unrealistic, unnecessary and unwise to expect a Nixon endorsement from La Raza Unida. The purpose of disassociation is to elicit criticism of McGovern. In order to criticize him effectively and to maintain any credibility with Mexican-Americans, La Raza Unida has taken the line that both parties are untrustworthy. They, therefore, must criticize the President as well.

La Raza Unida is very pleased with the Zavala County health grant which was the major topic of discussion in their press conference of yesterday. Our image certainly is not hurt by the fact that Phil Sanchez, Mexican-American director of OEO under Nixon, overrode the veto of the grant by Democrat Governor Preston Smith; and overrode it because of the grant's intrinsic merit. The fact that La Raza Unida is attempting to speed up the grant's implementation gives it a degree of publicity which we could never get for it through normal press channels.

cc: Fred Malek
Frank Herringer
Phil Sanchez
Ed Failor

A TRUE COPY

EXHIBIT No. 262-51

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006 (202) 333-0920

CONFIDENTIAL

September 14, 1972

MEMORANDUM FOR CHARLES COLSON

FROM: ALEX ARRENDARIZ

SUBJECT: RAZA UNIDA CONVENTION

The first Raza Unida National Convention, held September 1-4 in El Paso, Texas, was attended by approximately 2,000 delegates and 1,000 media personnel, observers and other participants. Although 18 states sent delegates, real delegate strength was from Texas, California, Colorado, New Mexico and Illinois.

The Raza Unida Party Convention did not officially endorse any Presidential candidate. The McGovern troops made their move very early, before any issues had either been presented or voted upon. Consequently, there was not yet a consensus of opinion, and it was relatively easy to stop the movement.

The interesting fact is that the McGovern movement was stopped by two persons for two separate reasons. Rodolfo "Corky" Gonzalez of Colorado stopped the movement because he wanted to become the party's nominee for President. Jose Angel Gutierrez, founder of the party, realized that any endorsement would preclude any negotiations with either major party since they would be bound to support their own candidate.

The emergence of Gutierrez as the undisputed leader of the Party was demonstrated by his victory by nearly a 3 to 1 over Corky Gonzalez for the Chairmanship of the Congreso de Aztlan, the "National Committee" of the Raza Unida Party. (Gutierrez had already been elected Chairman of the Convention and of the National Party.) This substantial victory may be interpreted as a demonstration of faith in the shrewd and calculated political leadership of Gutierrez over the more militant image of Gonzalez. It may also be inferred that the delegation supports Gutierrez' strategy to make La Raza Unida an instrument to maintain a balance of power between the two major parties. This position is substantiated by the following facts:

1. Cancellation of Cesar Chavez' invitation to speak to the convention because of his McGovern endorsement and his use of registration monies to register Democrats instead of Raza Unida Party voters.
2. The "Dump Nixon" Resolution, introduced by California and popularly supported, was killed in Committee by Jose Angel Gutierrez.

In a private meeting several weeks ago, Gutierrez approached this office for a quiet Republican contribution to La Raza Unida. A promise was made to publically condemn McGovern if such a donation were made. This possibility is still under consideration on the grounds that an effort to maintain the neutrality of La Raza Unida is to our advantage.

The contribution would be used for the campaign of Ramsey Muniz, Raza Unida Candidate for Governor of Texas, who won a strong endorsement from the convention. The highest-ranking Raza Unida Candidate, Muniz is an attorney and distinguished high school and college football player. He has a clean image, a professional appeal with no record of militancy and apparently has the enthusiastic support of the party.

The dangers of such a move arouse question as to whether the end will justify the means. Such a contribution would be certain to annoy Texas Republicans as well as Connally Democrats supporting the President. Furthermore, Raza Unida may have no alternate recourse anyway, which would give us no reason for sticking our necks out. In any event, it is obvious that any contribution should not come from the Committee for the Re-election of the President, but from a independent third source.

CC: Bill Marumoto

CONFIDENTIAL

EXHIBIT NO. 262-52

MEMORANDUM

THE WHITE HOUSE
WASHINGTON
ADMINISTRATIVE-CONFIDENTIAL

September 22, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL ~~AND~~ MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of September 18-22, 1972

The following action took place this week:

1. Met with some key SS businessmen from Denver, Colorado arranged via Ed Lucero, President of the Colorado Economic Development Association and Jim Fresques, Governor Love's Housing Director.
2. Delivered keynote address to the National Hispanic Finance Committee dinner in Denver last Tuesday.
3. Met with Ed Romero of La Luz magazine re prospective national advertisers for his publication.
4. Met with Bill Hosokawa, Associate Editor of The Denver Post re article on SS effort.
5. Met with some key SS regional officials in Denver arranged via Joe Casillas, Regional Director of OEO, Denver.

-2-

6. Met with Ed Hidalgo, National Chairman of the SS Committee for the Re-Election of the President re his progress of signing up nationally known figures.
7. Met with Gil Montano, Regional Director of SBA, San Francisco, and Don Dunlap of the Washington office re miscellaneous SS matters.
8. Met with Roy Batchelor, OEO, Washington; Tom Mercer, Regional Director, OEO, San Francisco; and Tony Rodriguez re miscellaneous SS matters.
9. Personnel
 - a. Interviewed Louis Gonzales re liaison job on our staff. Too young and immature.
 - b. Working with Dan Kingsley re Rudy Montejano's confirmation to the ICC.
 - c. Rodriguez met with John Rodriguez, the new Associate Deputy Commissioner for School Systems, OE, (GS-16) to explain our role and to let him know of the cooperation we expect from his office.
10. Carlos Conde and I worked with the advance office re the President's visit to Rio Grande Valley High School. Invited Carlos Villarreal, Ray Telles, Tony Rodriguez, Henry Ramirez, and Carlos Conde to participate. Only Ramirez and Conde were able to comply.
11. Alex Armendariz and I worked on trying to get some SS Democrats to the Connally party tonight.
12. Rodriguez met with Governor Ferre's administrator for U.S. affairs, Louis Quinot in reference to having the Governor appear at two functions as a surrogate.
13. Rodriguez has been in contact with the committeewoman from Bexar County, Mrs. Ruth Baker to assist her in identifying Mexican American-Republicans willing to help her in that county.

SP/VA

-3-

14. Rodriguez is working through Dave Parker's office in getting a member of the First Family to the opening ceremonies of the largest SS job corps center in the U.S. in San Jose, California.
15. Rodriguez met with Olie Olivas and Marty Springer of the Southwest Council of La Raza in reference to their regional conferences in California and Texas. It appears that these will be postponed until after the election.
16. Rodriguez met with Louis Cardona, Executive Director of the National Spanish Speaking Management Association, to review their programs and facilities. I have been invited to speak to their board in San Antonio on the 22nd of October. ✓
17. Rodriguez met with Pete Olivarez and Rudy Fuentes of Western Economic Development Corporation. They asked for direction and assistance in obtaining program information for their transportation project. Working through Carlos Villarreal on this matter. ✓ NHA
18. Surrogates
 - a. Rodriguez is working with Lou Churchville in setting up Phil Sanchez' appearances as a surrogate for the month of October.
 - b. Rodriguez is working with Carlos Villarreal's new public affairs director, Rod Larson, in generating invitations for Carlos during the month of October. His schedule needs beefing up. We have generated invitations for him in San Antonio, Corpus Christi and the Rio Grande Valley.
 - c. Rodriguez is assisting Tom Reed in scheduling Phil Sanchez and Carlos Villarreal on a week tour through the Southwest on October 15-20.

19. Conde in Texas with the President. His media report will be submitted on Monday.

cc: Ray Hanzlik
Carlos Conde
Tony Rodriguez
✓ Alex Armendariz
Henry Ramirez
Tom Korologos
Bill Rhatican
Dan Kingsley
Rob Davison

EXHIBIT No. 262-53



U. S. GOVERNMENT
SMALL BUSINESS ADMINISTRATION
PHILADELPHIA REGIONAL OFFICE
REGION III
SUITE 400 - EAST LOBBY
ONE DECKER SQUARE
BALA CYNWYD, PENNSYLVANIA 19004

September 25, 1972

Mr. Leveo V. Sanchez, President
Development Associates, Inc.
1521 New Hampshire Ave., N.W.
Washington, D.C. 20036

Gentlemen:

A recent review of your file indicates that the level of 8(a) contract assistance in the dollar amount requested in your business plan has now been attained.

We are pleased to include your firm as one of the 8(a) "graduates" and sincerely hope that the contracts furnished to you have been instrumental in the progression of your firm to viability. Your success now permits other disadvantaged firms a similar opportunity to participate in the 8(a) program.

We congratulate you for making such rapid progress in developing your company. The Small Business Administration staff is proud to have had a hand in your development.

Sincerely,

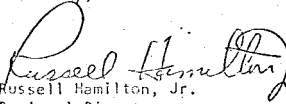

Russell Hamilton, Jr.
Regional Director

EXHIBIT NO. 262-58

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

October 6, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (NO) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of October 2-6, 1972

✓ = BS.

The following action took place this week:

1. Met with two of Senator Javits' top aides at a meeting arranged by Ray Hanzlik re miscellaneous Puerto Rican problems.
2. Discussed Romana Banuelos with Fred Fielding and Don Rogers re her continued involvement with her Mexican Food Company and bank. Fred is working closely on this matter with the Treasury people.
- ✓ 3. Met with Bill Rhatican and Carlos Conde on miscellaneous SS PR problems.
- ✓ 4. Conde and I have been trying to arrange a photo session with the President and Ambassador Horacio Rivero for the last couple of weeks. It appears we will be unable to do it at this point with Rivero now stationed in his new post in Spain. Apparently...
5. Mailing to our SS constituency list the Department of Labor special issue on SS manpower programs.
6. Working with SER officials and Carlos Conde on a SER \$18 million grant signing ceremony later this month in California with Secretary Hodgson.

7. Rodriguez and I have been arranging for several Presidential telegrams during the past several months for various SS activities throughout the country.
8. Our last SS appointees meeting before November 7th will be held next Thursday at the Blair House. Pat O'Donnell is arranging for a drop-by.
9. Will be speaking tomorrow night at the State of Florida National Hispanic Finance Committee for the Re-Election of the President \$100 a plate dinner at the Fontainebleau in Miami. They expect 1000 people.
- ✓ 10. Provided information on SS accomplishments under the Nixon Administration to HEW Under Secretary Veneman re his appearance on a New York Puerto Rican TV station arranged by Rodriguez.
- ✓ 11. Coordinating a letter writing and editorial campaign re the Senate confirmation on Rudy Montejano to the ICC.
12. Reviewed the list of SS candidates for the OMBE Blue Ribbon Panel to review the best minority businessman of the year.
13. Tony Rodriguez discussed with Gil Chavez and Hank Diaz their role in the Spanish Speaking coalition of HEW. The group is new and has already had discussions with Secretary Richardson and key personnel at HEW.
14. Rodriguez met with Gil Flores, a leading Democrat from the State of Nevada, who wants to support the President. He will organize SS Democrats for Nixon in that area.
15. Rodriguez is working with Roy Batchelor, OEO in getting surrogates to a conference in Kansas. These are all Demos who want to support the President.
16. Rodriguez working through Bill Kenner, Senator Tower's office, in getting the Senator to participate in award signing ceremonies in Dallas this month for two black and one Mexican American SBA grantees.

-3-

17. Rodriguez assisted Paul Lavrakas in getting Tony Gallegos, National Chairman of the GI Forum to go on a European tour of military bases in Germany.
18. Rodriguez met with Harry Dent to discuss assistance to SS groups in New Orleans. They want to have SS broadcasts in their area, but need FCC authorization and they are having a problem obtaining it.
19. Rodriguez working through Dave Wimer and Ed Aguirre in scheduling Secretary Hodgson's visit to Santa Clara County in California for a meeting with manpower leaders in that state plus the opening of the largest SS job corps center.
20. Rodriguez assisting B. Switzler, Special Assistant to Secretary Peterson, in identifying some of the "good guys" in California. The Secretary is receiving all types of requests from unknown SS groups.
21. Rodriguez attended an award signing ceremony of a SS contract given out by GSA to a Mrs. Olga Gomez. She is a local Republican. Participants were the Administrator, Art Sampson and Rodriguez.
22. Rodriguez is working through Ed Aguirre in meeting Dick Amador, a leading Mexican American demo (he headed Latinos for Humphrey and Latinos for Kennedy in California) who wants to assist the President.
23. Rodriguez met with Hector Vasquez and William Rodriguez of the Puerto Rican coalition to see how we can be of assistance in moving some of their proposals.
24. Surrogates
 - a. Rodriguez met with Lou Churchville and Stanley Armstrong to map out the four state tour Phil Sanchez is starting the 15th of this month.
 - b. Rodriguez is working with Ed Aguirre in scheduling all SS supers in his region from here until the election. Fernando DeBaca is doing an outstanding job in this area.

F c. Rodriguez is assisting Manuel Gonzalez, Nixon's SS State Chairman in New York, in getting surrogates and White House representation to their forthcoming fund raising affair on the 20th. This is the best fund-raiser the Puerto Ricans are scheduling.

F d. Rodriguez working with Governor Ferre in seeing that he makes at least two appearances on behalf of the President. Hopefully one will be the one mentioned above.

F e. Rodriguez is assisting Allen Hall in the scheduling of Ed Cox and Louis Nunez in the big Puerto Rican festivities in New York this Saturday.

f. Rodriguez assisting Warren Hendricks in scheduling Robert Finch for the forthcoming Mexican American Political Association convention in California.

g. We have generated a number of invitations for some of the surrogates with weak schedules from here until the election. Rodriguez met with Henry Ramirez and reworked his personal schedule for speeches and appearances. He has been doing an excellent job in the surrogate program but he wanted some direction for this "key time."

h. 25. The Department of Labor's special edition of Manpower Magazine featuring the Spanish Speaking is out. Copies have been delivered to the Cabinet Committee and other sources for mailing.

→ 26. The Echeverria-film is completed and Conde has been working with Hanzlik and me to secure funds to pay for it. USIA source dried up and will buy film for only \$5,000. Therefore must seek other sources.

→ 27. Have raised money for the SS appointees brochure which was produced by the Cabinet Committee which cannot publish it for lack of funds. The plan last week was to sell the materials to private source and let them publish it which would be a matter of days. Armendariz working on this but he has not unsnarled this end yet, therefore brochure is stalled.

-5-

28. OE brochure was completed about three weeks ago but is moving slowly through GPO. Unable to give any assistance from this end because of decision not to involve White House in it.

29. Conde edited for mailing by DOT a feature article on Urban Mass Administrator Carlos Villarreal. The feature with photo has been mailed to SS media and general readership newspapers in Texas, California in the Los Angeles area.

DL 30. Mailing on White House Fellow Henry Cisneros has gone out. All SS media was covered and the South Texas area was saturated.

31. Mailing on President Nixon's trip to Rio Grande City has gone out. The story, with photo, was written in time copy, feature style to retain its usage. Also attached was text of President Nixon's remarks. Photos went to selected media only.

Great! 32. Conde is publicizing the appointment of Admiral Rivero as U.S. Ambassador to Spain. Concentrated in the Puerto Rican areas of the East and Midwest. Cabinet Committee did 35 interviews with Spanish language stations. The Committee for the Re-Election of the President did a radio feed in California. Conde also provided it to USIA and Voice of America. Next week, we will do a White House mailing of a Rivero feature story with photo to SS media across the country.

33. Conde working with Mrs. Banuelos public affairs program again. She dismissed the PIO we had hired for her because of dissatisfaction and other problems.

F 34. Conde worked with Advanceman Allan Hall on the appearance of Ed Cox at Columbus Day Parade in New York. Louis Nunez of Civil Rights Commission as the highest ranking Puerto Rican in the Administration will join Cox on the reviewing stand. Provided background and speech material to Ed Cox's speechwriter.

35. Conde met with Carlos Villarreal's new public affairs officer to discuss media plans for Villarreal in October and to brief him on the type of coverage we seek.

36. Conde working with Dr. Rene Cardenas, producer of bi-lingual educational television program in California, and Stan Pottinger on press activity in Los Angeles on October 16th to announce Administration's \$5 million commitment to bi-lingual education through the television series. Secretary Richardson is expected to be there. Cardenas is arranging for celebrities such as Ricardo Montalban, Fernando Rey, Trini Lopez, etc. to be present. Cardenas' artistic staff is preparing a good media visual. Cardenas will give Conde the scenario by midweek.

37. Conde working with John Leslie of Department of Labor on media event to announce \$18 million contract to SER for job training for SS. The event will be staged in Los Angeles October 23 or 24. Secretary Hodgson will appear the preceding week in San Jo for Job Corps dedication. Conde is concentrating on California where we need the biggest thrust.

✓ 38. Conde discussed w/ Eugene Cope, counsel for USA, the legal aspects of the Echeverria film.

39. Armendariz and Conde did interview for National Catholic Reporter a weekly newspaper distributed nationwide to Catholic faith. The interview concerned President Nixon and the SS. Due for publication this week.

40. Conde arranged an interview with Armendariz for an editorial column for Congressional Editorial Research, Congressional Quarterly. The writer is an Administration friendly. Alex did the interview and Conde provided materials. The column due to be mailed to about 300 newspapers across the country next week.

✓ 41. Conde provided a list of SS media for Ed Blecksmith who is coordinating White House press briefing for Ethnic Press. Took list

42. Conde did second week monitoring of newspapers in New Mexico and Arizona for Herb Klein's press status book.

F 43. Roy Chalk, owner and publisher of El Diario, largest Spanish language newspaper in New York and the nation wants to meet with Herb Klein. He favors President Nixon and possibilities that El Diario might endorse the President.

cc: Ray Hanzlik ✓ Alex Armendariz
 Carlos Conde Tony Rodriguez
 Henry Ramirez Bill Rhatican
 Tom Korologos Dan Kingsley
 Rob Davison

EXHIBIT NO. 262-60

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ADMINISTRATIVE-CONFIDENTIAL

October 20, 1972

MEMORANDUM FOR:

CHUCK COLSON
FRED MALEK

FROM:

BILL (MO) MARUMOTO

SUBJECT:

Weekly Activity Report of the
Spanish Speaking
Week of October 16-20, 1972

The following action took place this week:

1. Gave keynote address before the National Hispanic Finance Committee dinner in San Antonio honoring Romana Banuelos. 500 in attendance and excellent press coverage.
2. Continuing to work on Rudy Montejano's confirmation.
3. Spanish Speaking appointees photo session postponed until Friday, October 27th at 3:00 p.m.
4. Discussed Nixon Administration accomplishments with Juan Patlan, Executive Director of the Mexican American Unity Council in San Antonio.
5. Working with Herman Gallegos, President of the Human Development Corporation of San Francisco re various SS program

CC: Margo

Dean

How F

10/25

6. Sent Governor Ferre of Puerto Rico re his speaking engagement before the National Hispanic Finance Committee for the Re-Election of the President dinner in New York.
7. Over the weekend spoke to the following groups:
 - a. Northern California Chinese Americans for the Re-Election of the President, San Francisco
 - b. Northern California Japanese Americans for the Re-Election of the President, Hillsborough, California
 - c. Southern California Japanese Americans for the Re-Election of the President, Los Angeles
 - d. Mexican Americans for the Re-Election of the President, Los Angeles.
8. Personnel
 - a. Rodriguez working with John Freeman, Treasury Department on candidates for the U. S. Executive Director of the Inter-American Development Bank.
 - b. Rodriguez assisting Carmen Maymi, the highest female Puerto Rican in government, in getting her permanent rating at DOL. ; She was temporarily hired as a consultant.
 - c. Rodriguez working with Armando Rodriguez, HEW, in finding candidates for the Regional Director position in Dallas. The slot has hopefully been set aside for a Mexican American.
 - d. Rodriguez discussed with Peter O'Donnell, Jr., Texas, the names of Spanish Speaking in his area for political positions within the state party.

9. Surrogates

- a. Rodriguez has set up a week of appearances for Ed Hidalgo in California starting the 23rd. This will be his first and only trip to that area in his present role.
- b. Rodriguez is assisting Nacho Lopez in getting our surrogate to major functions he has put together in California.
- ✓ 10. Rodriguez working with OEO on one of their grantees, Mexican American Unity Council. MAUC is doing campaign work for McGovern in Texas and they have received 1.3 million in grant from OEO this year.
11. Rodriguez assisting Richard Amador, Democrat for Nixon, California, with materials and information. He heads or is connected with several community anti-poverty organizations in that state.
12. Rodriguez met with Willie Vasquez, La Causa Comun, to assist them with HEW. That agency is slow with La Causa's projects.
13. Rodriguez assisting a group from Laredo (Tony Sanchez) in getting them some information on federal assistance for their newly formed savings and loan. Sanchez is the former administrative assistant to Lt. Governor Ben Barnes, Texas.
14. Rodriguez met with Pete Villa, National President of LULAC, to discuss his activities in assisting us in the campaign.
15. Conde worked with Lou Churchville on appointment of Stella C. Sandoval to OEO national advisory council. OEO is handling distribution. Will do special mailing on saturation basis.
16. Conde worked with OMBE on the advisory council meeting in Los Angeles on October 19-20 in Los Angeles. Public Information Officer is doing special mailings with photos of SS members with Secretary Peterson. Will provide Conde with a group photo sheet and he will send to selected SS media list.

17. Conde did White House mailing on SS media on DOL's \$1.7 million project recently approved by DOL.
18. Conde working on two features on Rodriguez and himself as first SS American to serve on White House staff. To be mailed to Texas media and selected SS media. Both features with pictures will go out next week.
19. Conde provided background material to Chicago Tribune on Ambassador Horacio Rivero. Sent to magazine section and it wanted to expand on the release.
20. OEO's SS brochure is off the press and is being mailed to SS constituency. Because OEO has a list of only 6,000, Conde made arrangements for Cabinet Committee to provide them with their list for additional mailing.
21. Conde worked with DOL - PIO to plan 18 million grant signing ceremony in Los Angeles, Tuesday, October 24. The grant is to SER, a Mexican American manpower training agency. Participating will be Labor Secretary Hodgson, Malcolm Lovell Regional Director for Labor Ed Aguirre and Cabinet Committee Chairman. It will be held in San Clemente followed by a press conference by Secretary Hodgson. A reception and luncheon will also be held. Involving as many of the SS media as possible.
22. Activity on the OE SS brochure ceased about four weeks ago. Nevertheless OE considers it valuable informational material and is proceeding on a regular schedule of its publication. Conde has been informed that the brochure is scheduled off the press November 7th.
23. Because of money problems, Nixon-Echeverria film has been shelved. The film was completed several weeks ago but still hasn't been paid for. Settlement date is November 15.
24. Conde checked speech material for Vice President Agnew. The material pertained to SS accomplishments in the Nixon Administration.

25. Conde provided Domestic Council with materials on SS accomplishments to be used in speech preparation for Domestic Council members.
26. Conde working on speech for Bob Finch.
27. Conde provided speech materials to Herb Klein for use at reception-rally for Mexican American veterans in San Antonio on Veterans' Day. Also worked with SS coordinator in Texas on Klein news release.
28. Conde working on news story of Mrs. Cardenas Cardwell, a Mexican American retired school teacher from Del Rio who has been appointed to President's Advisory Council for Disadvantaged School Children. Will do mailing to Southwest states.
29. Conde provided materials and talking points to Walt Minnick John Ehrlichman staff for speech in New Mexico to high school students.
30. Conde did weekly newspaper monitoring in Arizona and New Mexico for Herb Klein's press book.

cc: Ray Hanzlik
✓ Alex Armendariz
Carlos Conde
Henry Ramirez
Tony Rodriguez
Bill Rhatigan
Tom Korologos
Dan Kingsley
Rob Davison

EXHIBIT No. 262-62

Committee
for the Re-election
of the President

1701 PENNSYLVANIA AVENUE, N.W., WASHINGTON, D.C. 20006 (202) 333-0920

CONFIDENTIAL

November 2, 1972

MEMORANDUM FOR KEN COLE

FROM: ALEX ARMENDARIZ

SUBJECT: LA RAZA UNIDA PROGRAMS

As you know, Raza Unida leader Jose Angel Gutierrez was contacted to get a reading on his response to the forthcoming formation of an Advisory Committee to the Zavala County Health Corporation grant. Predictably, Gutierrez was infuriated by what he regards as Anglo supervision and control of a Mexican American program. It now appears that the announcement of the advisory body will bring a public condemnation from the Gutierrez troops, charging the President with insensitivity and manipulation of the Mexican American community.

Needless to say, it is to the President's advantage to maintain the neutrality of La Raza Unida throughout the last week of the campaign. The attached list outlines several pet Gutierrez programs which have become enmeshed in bureaucratic tieups and technical difficulties. In spite of the usual Gutierrez rhetoric, it's likely that Jose Angel would become considerably more conciliatory if some of these programs could be sprung loose within the next few days. As such action would mutually benefit the President and La Raza Unida, your assistance in this matter will be appreciated.

Enclosure

cc: Fred Malek
Frank Herringer
Bill Marumoto

CONFIDENTIAL

TELECON WITH VIVIANA SANTIAGO

From the Raza Unida point of view, the following projects are three free from technical problems or responsibility at the local level, and just need to be unsnarled at the national level. They are listed in order of priority.

1. CRYSTAL CITY NEIGHBORHOOD DEVELOPMENT PROGRAM

All local responsibilities have been met on this project, I am told. The only remaining technicality is the acquisition of a release of amendatories.

- | | |
|-------------|--------------|
| 1. TEX-R-38 | 3. TEX-R-75 |
| 2. TEX-R-63 | 4. TEX-R-107 |

The first two need a shove at the regional level.

The last two have to be taken care of in Mr. Hyde's office (no first name was given) here in Washington. There is apparently an Executive Order stating that programs initiated before a certain date need a special administrative waiver to be funded. The regional office has already signed off on these two amendatories, and they are supposedly sitting on Hyde's desk at this moment.

Lois Dean of HUD is the Washington, D.C., Urban Renewal contact on this matter.

2. HOG FARM PROJECT IN CRYSTAL CITY

This is a simple continuation of a supposedly successful program currently in operation in Crystal. The program was funded by OEO through Pete Mireles' office. All papers have been completed, but there is no word or communication of any kind from Pete Mireles, who has stopped returning phone calls from the Raza Unida.

3. MUNICIPAL MANAGEMENT TRAINING PROGRAM FOR CRYSTAL CITY

Again, all the paperwork from the local level has been completed on this project. The only remaining detail is the negotiation of the contract between the regional and state offices.

Arrangements have been made to administer this program through the University without Walls concept of the University of Michigan. This means that the student stipends must go through the HUD 701 State Planning Agency. This is where the contract negotiations have become hung up. A regional person was supposed to have tied the loose ends last week, but has not been heard from. The contact person at HUD is Mr. Rogers (no first name was given).

There is also apparently some question regarding matching of funds. Crystal City has arranged to complete its responsibility on this matter, as is detailed in the proposal.

EXHIBIT No. 262-63

THE WHITE HOUSE
WASHINGTON

January 30, 1973

Dear Dan:

Thank you for your letter of January 10, in which you recap the meeting between you, Leveo and myself. I thought it was a good meeting, one we should have had long ago.

We are trying to get your firm and SBA together as soon as possible to have your certification designation straighten out. I feel the results will be positive and to your advantage.

Next time you are in town, please call so we can get together and discuss matters of mutual concern. We are planning to close this office up within the next two weeks but you will be able to locate me thru Wm. Marumoto's office.


Sincerely,



A. F. Rodriguez
Consultant to the White House

Mr. Daniel K. Trevino
203 Louisiana Building
Houston, Texas 77006

EXHIBIT No. 263

SMALL BUSINESS ADMINISTRATION POLICY NATIONAL																													
SUBJECT: <div style="text-align: center; padding-top: 10px;">SECTION 8(A) PROGRAM</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="3" style="text-align: left; padding: 2px;">POLICY NO. REV</th> </tr> <tr> <td style="width: 33%; padding: 2px;">P 60</td> <td style="width: 33%; padding: 2px;">40</td> <td style="width: 33%; padding: 2px;">1</td> </tr> </table>			POLICY NO. REV			P 60	40	1																				
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P 60	40	1																											
<div style="text-align: center; margin-bottom: 20px;">Introduction</div> <ol style="list-style-type: none"> 1. <u>Purpose.</u> To set forth Agency policy governing the Section 8(a) Program. 2. <u>Personnel Concerned.</u> All personnel who are directly or indirectly responsible for carrying out the Agency's Section 8(a) Program. 3. <u>Distribution.</u> A, plus chiefs and assistant chiefs, regional and district PHA divisions, all business development personnel in Central and field offices, and procurement center representatives. 																													
<div style="text-align: center; margin-bottom: 20px;">CONTENTS</div> <div style="text-align: center; margin-bottom: 10px;">SECTION 8(A) PROGRAM</div> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; width: 70%;">Paragraph</th> <th style="text-align: right; width: 30%;">Page</th> </tr> </thead> <tbody> <tr><td>1. Purpose.....</td><td style="text-align: right;">5</td></tr> <tr><td>2. Eligibility.....</td><td style="text-align: right;">5</td></tr> <tr><td>3. Ownership and Control.....</td><td style="text-align: right;">6</td></tr> <tr><td>4. Business Planning.....</td><td style="text-align: right;">7</td></tr> <tr><td>5. Selection of Potential Contracts.....</td><td style="text-align: right;">8</td></tr> <tr><td>6. Negotiation of Contracts.....</td><td style="text-align: right;">9</td></tr> <tr><td>7. Contract Administration.....</td><td style="text-align: right;">10</td></tr> <tr><td>8. Professional Services.....</td><td style="text-align: right;">10</td></tr> <tr><td>9. Program Completion.....</td><td style="text-align: right;">10</td></tr> <tr><td>10. Payment of Fees.....</td><td style="text-align: right;">11</td></tr> <tr><td>11. Other SBA Programs.....</td><td style="text-align: right;">11</td></tr> <tr><td>12. Prior Agreements.....</td><td style="text-align: right;">11</td></tr> </tbody> </table> <div style="text-align: center; margin-top: 20px;"> * * * * * * * </div>				Paragraph	Page	1. Purpose.....	5	2. Eligibility.....	5	3. Ownership and Control.....	6	4. Business Planning.....	7	5. Selection of Potential Contracts.....	8	6. Negotiation of Contracts.....	9	7. Contract Administration.....	10	8. Professional Services.....	10	9. Program Completion.....	10	10. Payment of Fees.....	11	11. Other SBA Programs.....	11	12. Prior Agreements.....	11
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AUTHORIZED BY <div style="text-align: center; padding-top: 10px;">Thomas S. Kleppe</div> <div style="text-align: center; padding-top: 10px;">Administrator</div>	PREPARED BY <div style="text-align: center; padding-top: 5px;">Office of Business Development</div> <div style="text-align: center; padding-top: 5px;">N.D./MANUAL REF.</div>	EFFECTIVE DATE <div style="text-align: center; padding-top: 5px;">8-15-73</div> <div style="text-align: center; padding-top: 5px;">PAGE</div> <div style="text-align: center; padding-top: 5px;">1</div>																											

POLICY CONTINUATION SHEET		POLICY NO.	REV
P	60	40	1
<p><u>SECTION 8(A) PROGRAM</u></p> <p>1. <u>PURPOSE</u></p> <p>The authority of Section 8(a) of the Small Business Act will be used, to the fullest extent that available resources permit, to assist in the expansion and development of profit-oriented small business concerns owned and controlled by eligible disadvantaged persons. It is intended that concerns participating in the 8(a) Program will enhance their opportunities to achieve a competitive and profitable position in the marketplace. <u>It is not intended that 8(a) contracts will support a concern indefinitely but rather</u> will serve as an adjunct to assist in its development. Consequently, participation in the 8(a) Program must be in accordance with an acceptable business plan projecting the business developmental goals of the eligible firm together with the amount and duration of 8(a) assistance required.</p> <p>2. <u>ELIGIBILITY</u></p> <p>To be considered for the 8(a) Program, a small business concern must be owned and controlled by a disadvantaged person. These are persons who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic disadvantage of long standing. Such disadvantage may arise from cultural, social, or chronic economic circumstances or background or other similar cause. In many cases, such persons include but are not limited to members of the following minority groups: Black Americans; American Indians; Spanish-Americans; Oriental-Americans; Eskimos and Aleuts. Vietnam era service in the Armed Forces may be a contributing factor in establishing social or economic disadvantage.</p> <p>Good character is an eligibility requirement. Determination of good character will be made in accordance with the provisions in ND 1020-28 "Investigations."</p>			
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PART 124

SBA RULES AND REGULATIONS

Filing Instructions: File this Amendment 5 immediately following Amendment 4 of Part 124.

This Amendment 5 revises the policies and procedures for implementation of the contracting authority under Section 8(a) of the Small Business Act, as amended.

[Amdt. 5]

PART 124—PROCUREMENT AND
TECHNICAL ASSISTANCE

Contracting

Notice of proposed amendments to part 124 of chapter I of title 13 of the Code of Federal Regulations was published in the *FEDERAL REGISTER* on March 29, 1973, at 38 CFR part 8178. The Small Business Administration has carefully considered the comments submitted on this proposal and decided to adopt the regulations substantially as proposed. The only changes are minor and technical in nature.

Accordingly, part 124 of chapter I of title 13 of the Code of Federal Regulations is amended by revising §§ 124.8-1 and 124.8-2 to read as follows:

§ 124.8-1 The 8(A) Program.

(a) *General*.—These regulations implement section 8(a) of the Small Business Act (15 U.S.C. 637(a)) which authorizes SBA to enter into all types of contracts (including, but not limited to, supply, services, construction, research and development) with other Government departments and agencies and negotiate subcontracts for the performance thereof.

(b) *Purpose*.—It is the policy of SBA to use such authority to assist small business concerns owned and controlled by socially or economically disadvantaged persons to achieve a competitive position in the market place.

(c) *Eligibility*.—(1) *Social or economic disadvantage*.—An applicant concern must be owned and controlled by one or more persons who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic disadvantage. Such disadvantage may arise from cultural, social, chronic economic circumstances or background, or other similar cause. Such persons include, but

are not limited to, black Americans, American Indians, Spanish-Americans, oriental Americans, Eskimos, and Aleuts. Vietnam-era service in the Armed Forces may be a contributing factor in establishing social or economic disadvantage.

(2) *Ownership and control*.—Disadvantaged persons must presently own and control the concern except where a divestiture agreement or management contract, approved by the Associate Administrator for Procurement and Management Assistance, temporarily vests ownership or control in non-disadvantaged persons.

(i) *Proprietorships*.—An applicant concern may be a proprietorship.

(ii) *Partnerships*.—The ownership of at least a 50-percent interest in the partnership by disadvantaged persons will create a rebuttable presumption of ownership and control.

(iii) *Corporations*.—The ownership of at least 51 percent of each class of voting stock by disadvantaged persons will create a rebuttable presumption of ownership and control.

(iv) *Divestiture agreements*.—If an applicant concern is not presently owned and/or controlled by disadvantaged persons, the persons exercising such ownership and/or control must execute a divestiture agreement which will provide for ownership and control vesting in disadvantaged persons in accordance with the foregoing prescribed criteria within a reasonable period of time. All divestiture agreements must be approved by the Associate Administrator for Procurement and Management Assistance.

(v) *Management contracts*.—All management contracts entered into by section 8(a) concerns must be approved by the Associate Administrator for Procurement and Management Assistance.

§ 124.8-2 Procedures.

(a) *Submission of business plans.*—Applicants must submit a business plan, including complete information regarding the concern's qualifications, which will demonstrate that section 8(a) assistance will foster its participation in the economy as a self-sustaining, profit-oriented small business. In no event may the acceptance or approval of a business plan by SBA be construed as a commitment by SBA to award a single contract, a continuing series of contracts or provide any other assistance, contractual or otherwise.

(b) *Selection of potential contracts.*—SBA will, in consultation and cooperation with other Government departments and agencies, select proposed procurements suitable for performance by section 8(a) concerns. In making these selections, among the factors given consideration will be the percentage of all similar contracts awarded under the section 8(a) program over a relevant period of time, issuance of prior public solicitation of the procurement under a small business set-aside, the probability that an eligible concern could obtain a competitive award of the contract, and the extent to which other small concerns have historically been dependent upon the contract in question for a significant percentage of their sales.

(c) *Non-disadvantaged participants in a contract.*—To insure that the purposes of the section 8(a) program are being accomplished, applicants will disclose the extent to which non-disadvantaged persons or firms will participate in the performance of proposed section 8(a) contracts. Section 8(a) contractors may not subcontract any portion of a section 8(a) contract without the written consent of the SBA contracting officer. Joint venture agreements must be approved by the SBA Regional Director.

(d) *Negotiation of section 8(a) subcontracts.*—Section 8(a) subcontracts shall be negotiated with approved sec-

tion 8(a) companies on a limited competitive basis to the extent feasible and practicable. Price will not be a factor in such competition. It is recognized that in some cases competition will be neither feasible nor practicable due to limited availability of qualified concerns, geographic considerations, or other factors. Section 8(a) subcontracts shall be awarded at prices which are fair and reasonable to the Government and to the subcontractor.

(e) *Program completion and termination.*—A section 8(a) concern which has substantially achieved the objective of its business plan will be notified that its participation in the program is completed. The judgment as to the completion of program participation will be made in the light of the purposes of the program.

If the objectives and goals set forth in the business plan are not being met, the concern shall be informed what corrective measures are necessary. In cases where it is determined, in the judgment of SBA, that continued participation in the section 8(a) program will not further the program objectives, the concern will be notified that its participation in the program is terminated. Reasons which would indicate the necessity for program termination prior to completion of the business plan termination date are, among others: The unavailability of appropriate section 8(a) contracting support; the inability of the section 8(a) concern to develop suitable commercial or competitive markets; inadequate management performance; and evidence of continued inadequate technical performance.

(Catalog of Federal Domestic Assistance Program No. 59.009, Procurement Assistance to Small Business.)

Effective date. This amendment shall become effective on May 25, 1973.

THOMAS S. KLEFFE,
Administrator.

to pursue or exhaust rights against borrower before asserting rights under guaranty. *U. S. v. Houff, D.C.Va.1962, 201 F.2d 471.*

Fact that Small Business Administration, without assent of loan guarantors, changed agreed rate at which collateral for loan could be withdrawn by principal debtor, was no defense in action against guarantors to recover loan balance, after bankruptcy of principal debtor, in view of loan provision permitting participating bank to consent to with-

drawal of such collateral in specified amounts. *Id.*

Fact that Small Business Administration held security for note of bankrupt corporation valued at 151% of amount due on loan and had not resorted to such security before suing guarantors of loan, was no defense in action against guarantors, in view of fact that guaranty was absolute and did not require Administration to pursue or exhaust rights against borrower before asserting rights under guaranty. *Id.*

§ 637. Additional powers—Procurement contracts: sub-contracts to small-business concerns

(a) It shall be the duty of the Administration and it is empowered, whenever it determines such action is necessary—

(1) to enter into contracts with the United States Government and any department, agency, or officer thereof having procurement powers obligating the Administration to furnish articles, equipment, supplies, or materials to the Government. In any case in which the Administration certifies to any officer of the Government having procurement powers that the Administration is competent to perform any specific Government procurement contract to be let by any such officer, such officer shall be authorized in his discretion to let such procurement contract to the Administration upon such terms and conditions as may be agreed upon between the Administration and the procurement officer; and

(2) to arrange for the performance of such contracts by negotiating or otherwise letting subcontracts to small-business concerns or others for the manufacture, supply, or assembly of such articles, equipment, supplies, or materials, or parts thereof, or servicing or processing in connection therewith, or such management services as may be necessary to enable the Administration to perform such contracts.

Procurement and property disposal powers; determination of small-business concerns

(b) It shall also be the duty of the Administration and it is empowered, whenever it determines such action is necessary—

(1) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and property disposal and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives, and methods engineering, by cooperating and advising with voluntary business, professional, educational, and other nonprofit organizations, as-

EXHIBIT No. 264

Menger Hayfida HOTEL
 Sixteenth & H St., N.W.
 WASHINGTON, D.C. 20006

D 79941

DATE	REFERENCE	CHARGES	CREDITS	BALANCE	PICK-UP
MAR 12 72	ROOM 716	C* 30.00			
MAR 12 72	TAX 716	C* 1.50		* 31.50 *	A* 31.50
MAR 13 72	L DIST 716	A* 3.30			
MAR 13 72	L DIST 716	A* 3.74			
MAR 13 72	L DIST 716	A* 1.32			
MAR 13 72	L DIST 716	A* 2.92		* 42.78	A* 42.78
MAR 13 72	L DIST 716	A* 8.14		* 50.92	A* 50.92
MAR 13 72	PHONE 716	A* .20		* 51.12	

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029 850 765 8 800AX		RESERVANCE 71		APPROVAL CODE		
JOHN J PRIESTES PRIESTES DEV CORP		11:72		CHECK OR BAL NUMBER		
MANGER HAY11172		DATE OF CHARGE		TAXES		PURCHASES & SERVICES TAXES TIPS-GRAT TOTAL AMEXCO USE ONLY TOUVALENT AMOUNT CARDMEMBER COPY
0208103911 490		+3 13-72		TIPS-GRAT		
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ESTABLISHMENT AGREES TO TRANSMIT TO AMEXCO FOR PAYMENT		CARDMEMBER SIGNATURE		TIPS-GRAT		
X		John J. Priestes		TIPS-GRAT		
MERCHANDISE AND/OR SERVICE PURCHASED ON THIS CARD SHALL NOT BE RESOLD OR RETURNED FOR CASH REFUND		TOTAL		TIPS-GRAT		
322164		CHARGE RECORD		TIPS-GRAT		

EXHIBIT NO. 265

WILKINSON, CRAGUN & BARKER

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THE OCTAGON BUILDING
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WASHINGTON, D.C. 20006

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PHILIP A. NACKE
H. MICHAEL SEMLER
THOMAS E. WILSON

November 6, 1973

* Not admitted in the
District of Columbia

HAND DELIVER

Honorable Sam J. Ervin, Jr.
Chairman, Senate Select Committee
on Presidential Campaign Activities
Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

Your staff counsel have requested me to obtain and submit to you an affidavit of the Honorable Maurice H. Stans concerning a proposed contribution to the Finance Committee to Re-Elect the President by a Mr. John Priestes. Mr. Stans is out of the city on prearranged matters and cannot be back this week.

This request raises questions of Mr. Stans' fundamental rights in the case of U.S. v. Mitchell, et al., 73 CR 439, in New York. We draw your attention to our letter of June 4, 1973, Exhibit No. 26 in your hearing record, and my statement appearing at pp. 680-687 of the printed Hearings. Mr. Stans is unwilling voluntarily to do anything which will contribute to publicity which may tend to deny him a right of fair trial.

The present request places Mr. Stans in the same position as your direction on June 12, that Mr. Stans testify. If Mr. Stans fails to respond, it could infer guilty knowledge. If he adds to publicity, he could interfere with a fair trial.

Therefore, this letter and the attached statement are submitted without any waiver on Mr. Stans' part and with the request that it be used by the Committee without publicity, in order not to add to the already inflamed climate of publicity so far as fair trial is concerned.

Honorable Sam J. Ervin, Jr.
November 6, 1973
Page Two

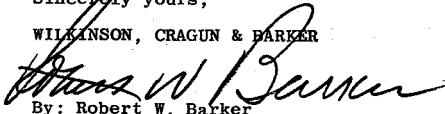
HAND DELIVER

Since your hearings involving Messrs. Priestes and Fernandez go forward tomorrow, it is not possible to get to you an affidavit. We have, instead, after telephone conferences with staff counsel discussed this matter in detail with Mr. Stans, checked Committee records and Mr. Stans has given us, by telephone, the enclosed statement of facts known to him.

We enclose the statement for Committee use on the terms and conditions outlined above.

Sincerely yours,

WILKINSON, CRAGUN & BARKER

A handwritten signature in dark ink, appearing to read "Robert W. Barker", is written over the typed name.

By: Robert W. Barker

Enclosure

cc: Honorable Maurice H. Stans

STATEMENT OF MAURICE H. STANS

November 6, 1973

1. This statement is made at the request of the staff of the Senate Committee on Presidential Campaign Activities for the purpose of furnishing it to that Committee in connection with the investigation of pending matters. It is furnished under conditions stated in the accompanying letter of counsel.

2. Since February 15, 1972, I have been and now am the Chairman of the Finance Committee to Re-Elect the President and predecessor committees with offices at 1701 Pennsylvania Avenue, N.W., Washington, D.C.

3. Ben Fernandez of Los Angeles, California, served as Chairman of the Hispanic Finance Committee to Re-Elect the President during the recent Presidential election campaign.

4. On March 13, 1972, I met briefly in my office with Mr. Fernandez and a potential contributor named John Priestes. Mr. Priestes was brought to my office pursuant to a previous appointment by Mr. Fernandez.

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Mr. Fernandez had, on March 8, called Mr. Hugh W. Sloan, Jr., Treasurer of the Committee, and had told him that my meeting with a potential contributor would be helpful. Mr. Sloan arranged the appointment through my secretary. Until the meeting, I did not know the name of the individual with whom I was to meet or the circumstances of the proposed contribution, only that Mr. Fernandez felt that it would assist in finalizing the proposed contribution if I were to meet with him and the contributor.

5. At the meeting, Mr. Priestes offered a contribution to the campaign in the form of a check for \$25,000, signed by another person (a Martin Woolin) and made payable, as I recall, to something like "Republican Party" or a similar phrase. It was not made payable to the Finance Committee to Re-Elect the President. We discussed that the payee of the check would have to be changed. While I do not recall discussing this point, normally to protect a contributor against unintended gift taxes we would have discussed designation of several committees to receive \$3,000 each or a breakdown into several checks. I do not recall specifically

- 3 -

whether we discussed this with Mr. Priestes but I believe we did.

6. After discussing the check, Mr. Priestes then proceeded to give me a file of newspaper clippings from the Miami Herald, dated in February of 1972, highly critical of Mr. Priestes. The gist of the articles was that Priestes had realized a large windfall profit on a FHA low cost housing program, primarily because of favors allegedly granted to him by a suspended FHA director in Miami named Pelski. The newspaper articles related that as a result, Priestes had moved from 19th to 2nd in home-builders in Dade County, Florida, in one year's time. The allegations also stated that Priestes had used a number of disguised corporations for the purpose of handling the contracts. Copies of the newspapers have been furnished the Committee staff. Mr. Priestes stated that he was an unfair victim of the Miami Herald and that he was fearful that action might be taken against him by HUD or FHA on the basis of the unfavorable publicity without his having an opportunity to defend himself. He said that he hoped that HUD would treat him fairly.

7. I flipped through the file of newspaper clippings in his presence and promised to read them later. I also told him that I could not evaluate the situation without knowing FHA's attitude toward him and his

- 4 -

transactions; that I would have to check with HUD. I returned the check either to Fernandez or Priestes to hold until I had been able to do so.

8. On the same day, I had a meeting with Mr. G. Richard Dunnells, Deputy Assistant Secretary of HUD. At that meeting, I asked Mr. Dunnells to check out Priestes' records with FHA and HUD and advise as soon as possible. Later on the same day at a scheduled meeting with Bill Gifford of the White House staff I discussed the Priestes visit and asked him to check such sources as were properly available to him and to let me know what he could learn from those sources about Priestes.

9. On March 14, Dunnells wrote me a letter stating that HUD had suspended Priestes on March 13, and "any contact with Priestes at this time would, in our opinion, be highly inappropriate". So far as I can recall, at the time of my conversation with Priestes, no mention was made of the fact that he had been suspended. I made a notation on the letter received from Mr. Dunnells "Drop Contact". Attached as Exhibit 1 is a copy of Mr. Dunnell's report.

10. On March 17th, I received a phone call from Gifford saying "Priestes is not clean; he uses dummy corporations, is unreliable and undesirable."

- 5 -

11. On March 18th, I talked by telephone with Mr. Fernandez and reported this information to him and told him to terminate any contacts with Mr. Priestes. Mr. Fernandez told me that he would do so at once and would accept no contribution from him.

12. To the best of my knowledge, the Finance Committee has never received a contribution from Mr. Priestes directly or indirectly. A special check by the Finance Committee staff of the Committee records discloses no contribution from Mr. Priestes.

13. So far as I know, Mr. Fernandez acted carefully and properly in this matter, but in any event if Mr. Priestes had any idea of getting favors by offering a contribution it is obvious that not only did he not receive them but that he was totally and permanently rebuffed because of his record with FHA.

Maurice H Stans

Maurice H. Stans

By Robert W Barker

EXHIBIT 1



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20413

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING MANAGEMENT

IN REPLY REFER TO:

March 14, 1972

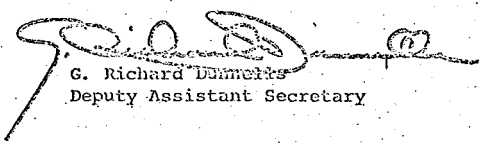
NOTE TO MAURICE STANS

Mr. Priestess is under investigation by both HUD and Justice regarding his dealings with HUD's FHA Coral Gables Office. Allegations of his seeking favoritism from FHA Director Pelski have been made.

HUD has suspended Priestess from further dealings with FHA as of Monday, March 13, 1972.

Allegations regarding Priestess and Pelski have been highly publicized by Miami Press.

Any contact with Priestess at this time would, in our opinion, be highly inappropriate.


G. Richard Donnelly
Deputy Assistant Secretary

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Counsel

R. ANTHONY ROGERS
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STEPHEN R. BELL
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FOSTER DREITZES
ALAN I. RUBINSTEIN
JOHN M. FACCIOLA*
PHILIP A. NACKE
H. MICHAEL SEHLER
THOMAS E. WILSON

* Not admitted in the
District of Columbia

August 21, 1973

HAND CARRIED

Honorable Sam J. Ervin, Jr.
Chairman, Senate Select Committee on
Presidential Election Activities
Room 337 - Russell Building
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Because we believe you to be a fair person, we are writing you this letter.

In the hearings before your Committee, you characterized Mr. Stans' testimony before the Committee in terms which seem to be highly critical. In view of the voluminous testimony adduced before your Committee, the passage of time and the many witnesses appearing since Mr. Stans' role was discussed, it may be that you have forgotten the record testimony on the subject matter concerned. We feel it necessary to call your attention to the fact that your assertions as to what Mr. Stans said before the Committee are in conflict in a number of instances with what he and others actually testified to.

Also, during the testimony of the witnesses Ehrlichman, Kleindienst and Petersen, you engaged in colloquy with each of them concerning the fact that Mr. Stans had given his sworn testimony last year for use by the Watergate Grand Jury through the process of a deposition. You indicated on several occasions that had Mr. Stans come personally before the Grand Jury it would have learned "... what Mr. Stans testified before this Committee. . . ."

Honorable Sam J. Ervin, Jr.
August 21, 1973
Page Two

As you know, Mr. Stans is to face trial in New York City soon in connection with the Vesco contribution. Your characterization of Mr. Stans and his testimony on nationwide television in our opinion was prejudicial, and it inevitably has a severe impact on that trial as well as on his general reputation for veracity.

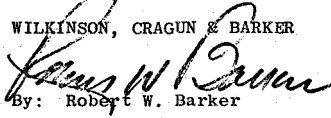
With respect to the deposition given by Mr. Stans, the important point is that his deposition of August 2, 1972 was given for the purpose of presentation to the Grand Jury and was read to the Grand Jury. When Mr. Stans gave the deposition, it was with the understanding that he was willing to respond as requested to any further questions at any time. Furthermore, as Mr. Petersen stated in response to your question, the testimony given by Mr. Stans to your Committee was essentially the same as that given by Mr. Stans to the Grand Jury.

With respect to your characterizations of Mr. Stans' testimony, it seems to us that there are two important factors necessitating a reply. The first and perhaps most important is to ask you to review some of his testimony for the purpose of revising your understanding of his statements and his activities. We trust you will want to read the attachments carefully. The second is to ask that the record be rectified by the insertion of the accompanying papers at an appropriate point.

We believe that the enclosed memorandum will show that your conclusory assertions as to certain parts of Mr. Stans' testimony are at variance with the record, and we appeal to your sense of fairness in taking these two steps.

Sincerely,

WILKINSON, CRAGUN & BARKER


By: Robert W. Barker

Enclosure

ANALYSIS OF CHAIRMAN ERVIN'S CHARACTERIZATION
OF MAURICE H. STANS' TESTIMONY

For the purpose of accuracy we have set forth below under various heads as Item "1" the characterization of Mr. Stans' testimony by Chairman Ervin and under Item "2" the record statements on the matter by Mr. Stans and others.

A. Knowledge of Finances

1. "Maurice Stans was the Director of the Finance Committee to Re-Elect the President and one can reasonably assume that he knew more about the finances involved than any other human being or should have known more about it." (Tr. 5839)
2. This statement fails to distinguish between the statutory responsibilities of the Chairman and those of the Treasurer. It doesn't recognize the facts of Committee operations neither does it recognize that Mr. Stans did not assume the role of Chairman until February 15, 1972.

Mr. Stans pointed out four distinctions which must be observed for accuracy:

"1. The distinction between the functions and activities of the Campaign Committee and the functions and activities of the Finance Committee.

"2. The distinction between the election financing law which expired on April 6, 1972, and the new election financing law which was effective on April 7, 1972.

"3. Within the Finance Committee, the distinction between the functions and activities of the Chairman and the functions and activities of the Treasurer.

"4. The activities of the Finance Committee before I joined it on February 15, 1972, and the activities of the Committee after February 15, 1972." (Tr. 1623)

Mr. Stans did not purport to have knowledge of or to direct and handle all financial matters in the campaign. That was not the role of the Chairman. It was the responsibility of the Treasurer.

* * *

"The role of the Finance Committee was directed toward a single objective -- to raise enough money to pay the bills. The Finance Committee had nothing to say about which bills to incur. Under the arrangements in effect, the Finance Committee paid any bill or made any payment which bore the approval of an appropriate official of the Campaign Committee." (Tr. 1624)

* * *

"The Campaign Committee ran the campaign and created the debts; the Finance Committee raised the money and paid the bills." (Tr. 1626)

* * *

"..... without doubt my prime personal responsibility was to raise the money required to finance the campaign, and that occupied almost all of my time and attention." (Tr. 1631)

* * *

"..... I had no responsibility in connection with the internal handling of funds, banking, recording, accounting and reporting. I did not sign checks. I did not expend cash from the Treasurer's cash fund. I did not have a cash fund. It was my regular practice when I accepted contributions for the Committee to turn them over to the Treasurer promptly. I did not have relationships with the banks. I did not make entries in the books or even see the books. And I did not prepare the public reports and did not review them except to scan their summary pages. These were all the responsibility of the Treasurer. That was not only within the working format of our Committee, but was provided under the Federal Election Campaign Act." (TR. 1631-32)

* * *

"When I joined the Committee on February 15th, last year, a considerable number of activities were under way and a number of people were in place. Fund-raising and campaign activities had been engaged in for almost a year. Programs had been planned or committed by the campaign people, funds had been collected and disbursed, committees had been formed and terminated, and some well-publicized transactions had already occurred. Patterns of payment to Herbert Porter and Gordon Liddy were a practice. Magruder had blanket authority to direct payments." (Tr. 1632)

* * *

"I trusted the people already in the committee organization, and I relied heavily on the Treasurer because of his previous experience in 1968 and 1971, and even before 1968. I was after contributions." (Tr. 1634)

* * *

"Apparently, from the testimony, Mr. Liddy showed Mr. Sloan a budget of \$250,000.00 against which he intended to draw. To the best of my knowledge, Mr. Sloan did not tell me about that budget, and I did not know that Mr. Liddy had authority to draw an amount of money of that size." (Tr. 1645)

* * *

"From time to time, but on only a very few occasions, Mr. Sloan gave me reports as to how much cash he had on hand. To the best of my recollection, Mr. Sloan did not ever give me a report of the individual disbursements that he made in cash to anyone." (Tr. 1688)

* * *

"Mr. Sloan was the Treasurer of the committee. He had the cash fund long before I got there. He continued to handle the cash transactions. My only interest was really in knowing who had made contributions in cash, because I wanted to know who our contributors were." (Tr. 1692)

* * *

"The statute, in effect, fixes the responsibilities of the Treasurer very thoroughly as all the matters of handling money, accounting, disbursing and reporting. The statute does not fix the responsibilities of the Chairman." (Tr. 1816)

B. Stans Kept \$1,700,000 in Cash in Two Safes

1. "Maurice Stans testified that instead of depositing such monies in the bank which would have made a documentary record of their receipts and disbursements possible, he had one million seven hundred thousand dollars kept in two safes in cash in the office of his Committee.

"He testified that over a million dollars of this money was disbursed in cash." (Tr. 5840)

2. When asked about cash funds he testified:

"..... Before April 7, there were amounts of money received by the committee in cash going back long before I became Finance Chairman. After April there were practically none. There were one or two transactions which were never completed in the way of contributions in cash and there were a few contributions in cash which were deposited and fully reported. But most of the cash, a very high proportion of it, was received, handled and disbursed before April 7 and, therefore, operated under the old law." (Tr. 1666)

* * *

"..... when I received cash from a contributor I gave it immediately to Mr. Sloan if he was available. I would call him in my office and hand it to him or walk to his office and give it to him. The only cases in which money was put in that (my) safe at all was when Mr. Sloan was not available, I would put it in overnight and give it to him the next day. If it was the weekend, I would put it in over the weekend and give it to him the following week and, to the best of my recollection there was no time at which there was more than one contribution of more than a day or so. It was toward the end of the campaign when I think there were three contributions in the safe that came in close together. That safe was not used for anything but a way station for temporary periods and Mr. Sloan had custody of the entire cash fund and I did not pay out any money out of that fund that Mr. Sloan had until we came to the end when we divided up the \$1,000,000 and I handed \$40,000 of it to Fred LaRue." (Tr. 1704-5)

* * *

"I think, Senator, what you are bringing out is that the difference in the function is between the Chairman and the Treasurer. I raised the money, he had no part in soliciting contributions. He did the bookkeeping and the accounting and I had no part of it in that, and once I turned the check over to Mr. Sloan, I had every reason to assume that it would be handled in due course....." (Tr. 1777)

* * *

"To the best of my recollection, Mr. Sloan did not ever give me a report of the individual disbursements that he made in cash to anyone." (Tr. 1688)

* * *

"....Mr. Sloan was the Treasurer of the committee. He had the cash fund long before I got there. He continued to handle the cash transactions. My only interest was really in knowing who had made contributions in cash, because I wanted to know who our contributors were. I wanted to know from time to time, how much cash he had on hand, because occasionally, he and I would discuss that subject and I would suggest that he ought to put some of it in the bank, and he did from time to time. My recollection is that he banked about half of the money that came in in cash in the course of time." (Tr. 1690)

* * *

"..... I had no responsibility in connection with the internal handling of funds, banking, recording, accounting and reporting. I did not sign checks. I did not expend cash from the Treasurer's cash fund. I did not have a cash fund." (Tr. 1631)

* * *

"..... when any money came in I gave it to Mr. Sloan at the first opportunity and I only used my safe in the event that Mr. Sloan was not available, to protect the money until I could give it to him. As I said there was only one occasion in which there was more than one contribution in that safe." (Tr. 1813)

C. Sloan's Authority to Disburse Funds to Liddy

1. "He testified that his treasurer, Hugh W. Sloan, Jr., came to him and told him that he had gave (sic) misgivings about disbursing thousands of dollars in cash to Liddy on the orders of Jeb Stuart Magruder, the Deputy Director of the Committee to Re-Elect the President, of which John Mitchell, former Attorney General, (sic) was the Director.

"He testified pursuant to the misgivings expressed to him by Sloan, he held a consultation with Mitchell. He testified that after he held this consultation with Mitchell he had a consultation with Sloan, and he told Sloan that Mitchell said that he should go ahead and continue these disbursements which Sloan said ultimately ran to \$199,000 in cash to Liddy." (Tr. 5840-41)

2. Mr. Stans' testimony is much more precise:

"Prior to April 7 I was aware that he (Liddy) had received cash on some occasions. I was not aware of the amounts in total or on any one occasion, and I was not aware that the total was anywhere as large as it was" (Tr. 1642-43)

* * *

"Somewhere around the sixth of April Mr. Sloan came to me and said that Gordon Liddy wanted a very substantial amount of money. I don't recall the amount he named and last August, which was much closer to the time I recalled in testifying in a deposition to the Federal District Attorney's office, that I thought the amount was \$30,000 but I recalled that only vaguely. In any event I don't think the amount is very important. Mr. Sloan said, 'Liddy wants a substantial amount of money. Should I give it to him?'

"And I said, 'I don't know. I will find out from John Mitchell.' I will quote my conversation with John Mitchell as best I can paraphrase it. It is not precise. But I saw John Mitchell a relatively short time after and said, 'Sloan tells me that Gordon Liddy wants a substantial amount of money. What is it all about.'

"And John Mitchell's reply was, 'I don't know. He will have to ask Magruder because Magruder is in charge of the campaign and he directs the spending.'

"I said, 'Do you mean, John, that if Magruder tells Sloan to pay these amounts or any amounts to Gordon Liddy that he should do so,' and he said, 'That is right.'

"Now, that is my recollection in a paraphrase of the discussion that took place. I went back to Sloan and reported it to him and found out that he had already talked to Magruder and had the same information." (Tr. 1643-44)

* * *

"Apparently, from the testimony, Mr. Liddy showed Mr. Sloan a budget of \$250,000 against which he intended to draw. To the best of my knowledge, Mr. Sloan did not tell me about that budget and I did not know that Mr. Liddy had authority to draw an amount of money of that size." (Tr. 1645)

* * *

"..... when Mr. Sloan came to me and said that he wanted a fairly substantial amount of money, and I went to John Mitchell and determined that Magruder had the authority to tell Sloan to make payments to Liddy. I was not aware of large amounts of payments." (Tr. 1691)

* * *

"..... I was not told by anyone about a \$250,000 budget for Mr. Liddy." (Tr. 1710)

* * *

"With respect to Mr. Liddy, I knew that he had been drawing some sums of money. I understood they were relatively small. It had something to do with the primary campaigns and that was the situation up until Mr. Sloan came to me with the statement that Mr. Liddy had asked for a substantial amount of money."

"..... Mr. Liddy was accountable in money terms to the Treasurer, not to me, and except for the limited knowledge that I had about transactions with Mr. Liddy, I had no knowledge of what he was doing with the money or how much he had gotten, and I was as surprised as many other people when I found out that he had received a total of \$199,000." (Tr. 1767-68)

* * *

D. "I don't want to know and you don't want to know."

1. "He also stated when Sloan, that when Sloan sort of reiterated his misgivings, that he, Stans, said to Sloan 'I don't know what this money is being used for -- I don't want to know what this money is being used for and you don't want to know either.'" (Tr. 5841)

2. Responses to questions concerning such alleged statement qualify it and explain it:

"..... I recall the occasion but that was not the whole conversation, and I am not quite sure that it is entirely accurate but it is the substance of what was said. But last week when Mr. Sloan testified he also put that remark in a much larger context and that context was much broader than the matter of payments to Liddy and it was quite accurate. As I recall, he said the contact (context) was one of total frustration that I had and he had with the spending program of the Campaign Committee." (Tr. 1720)

The prior testimony of Mr. Sloan before this Committee on June 6, 1973, made clear the intent of any alleged remark. It was not spoken as a cover-up, but as frustration over expenditures:

"Mr. Sloan I think in all fairness, to put it in the context of the time, at that point in time I would have interpreted that kind of remark, because of the continuing problems between the Political and Finance Committee, was that he was unhappy and had essentially thrown up his hands about the loss of control over the funding. Traditionally the role has been the finance people raise it and the political people spend it. However, there is a responsibility to finance a campaign to set realistic limits of what we imagine can be raised and to provide the mechanism to monitor the expenditures of a campaign so that the expenditures will be properly paced and you will have the wherewithal in the home stretch where you need it.

"I had the impression with regard to the cash funding situation that this was just a runaway situation, that he lost the argument." (Tr. 1237-38)

Further testimony of Mr. Stans was:

"..... This conversation that I had with Mr. Sloan and the occasion of the verification of Magruder's authority took place early in April, and the subsequent events obviously could not possibly have been conceived by me or anyone else." (Tr. 1722)

* * *

"At that point we had received a budget of \$34 million and it was incomplete on its face because some items were not priced out. It meant they were going to spend \$40 million. I had argued when I came on the committee and even before, that the campaign ought to run, with the President in office, for \$25 or \$30 million. It was evident we were in a situation in which the Campaign Committee was calling all the signals, was making all the commitments. We really had nothing to say about it, and it was one, as I said, of total frustration with the whole situation. I threw up my hands, and I say that literally and I think Mr. Sloan quoted that yesterday (sic) (specifically), that we were just not going to have any influence in this situation.

"The remark I made, and I cannot quote it precisely, was something to the effect that 'I don't know what's going on in this campaign and I don't think you ought to try to know.' We were the cashiers, we received the money, and we paid the bills. They had the responsibility for everything they did. If they did it right they got the credit. If they did it wrong they got the blame and it did not seem that it was incumbent upon us to question the propriety of any payment, whether it was to Mr. Liddy or anybody else, and we did not." (Tr. 1721)

E. Knowledge of Responsibility for Break-in

1. "I mean, if Stans had given his testimony before the grand jury that he gave to this Committee, it would have indicated that the evidential tracks led directly from the Watergate burglary into the office and to some of the high officials in charge of the Committee to Re-Elect the President and the Finance Committee to Re-Elect the President." (Tr. 5841-42)

* * *

"Senator Ervin. My point is this: That if the grand jury had had the testimony which Mr. Stans gave here in person, they might well have concluded that there was a prima facie case that officials of the Committee to Re-Elect the President had hired these seven men to burglarize the Watergate and by reason thereof they might have indicted them for being accessories before the fact to a murder, they didn't have the benefit of the testimony of Mr. Stans' evidence in person." (Tr. 5845)

2. Mr. Stans testified as to Finance Committee personnel:

"..... I am convinced that none of these persons had a part in Watergate or the subsequent events." (Tr. 1621)

* * *

"..... I had no knowledge of the Watergate break-in or in any other espionage efforts before I read them in the press, or of the efforts to cover up after the event." (Tr. 1622)

Mr. Stans' testimony continues to the contrary:

"Gentlemen, I repeat to you that I had no advance knowledge of the Watergate affair and no knowledge of any efforts that may have been made to cover it up" (Tr. 1634-35)

* * *

"Mr. Sanders. Prior to June 17, Mr. Stans, were you aware that an intelligence-gathering operation was under way?

"Mr. Stans. No, I was not. I do not recall hearing any discussion of such an activity." (Tr. 1664-65)

* * *

"..... I was told somewhere in May, I believe by Magruder, that Liddy had a responsibility for security at the San Diego convention." (Tr. 1665)

* * *

"Mr. Sanders. At that point (June 28) were you aware of any facts which indicated involvement by Mr. Liddy in the Watergate, in the illegal entry of the Democratic Committee?

"Mr. Stans. I was not." (Tr. 1672)

* * *

"Did Mr. Mitchell ... tell you what this money was going to be used for, the money that was going to be disbursed to Mr. Liddy?

"Mr. Stans. No" (Tr. 1691)

* * *

"You testified that you learned about the Watergate break-in, as I recall, in the newspapers? Is that correct?

"Mr. Stans. That is correct." (Tr. 1714-15)

* * *

"I have no recollection of any discussions with anyone about the cover-up on the Watergate until after the disclosures that have occurred within the last two months." (Tr. 1717)

* * *

"I didn't have any suspicions about any of these people until after the disclosures in the press following I believe it was March 23, when Mr. McCord wrote his letter. And gradually, step by step, names were being drawn into the public print. I have no firsthand knowledge of any of the activities on the part of those people. Most of what I have learned is from reading the press and listening to television." (Tr. 1733)

* * *

"Senator Inouye. It is your testimony this morning that until March 23 of this year you had no reason to suspect that people like Mr. Kalmbach or Mr. Mitchell or Mr. Haldeman or Mr. Ehrlichman were possibly involved in the Watergate and its ramifications?

"Mr. Stans. That is entirely correct, Senator." (Tr. 1734)

* * *

"There was never any discussion with me about the planning of the Watergate matter, the planning of any cover-up of any kind, and I was completely uninformed. I presume that this was because, as I said yesterday, our two committees operated in watertight compartments. We had our job to do, not in on the planning or strategy of any part of the campaign. I am very grateful that they did not tell me." (Tr. 1735)

* * *

"As a matter of fact, Senator, Mr. Liddy was in the office for another ten days after the 17th. He attended staff meetings. I had similar meetings with him from time to time and he covered up his concerns extremely well. I had no idea that he was involved." (Tr. 1746)

* * *

"I can only say to you with absolute finality that I did not discuss any espionage or sabotage operations with anyone prior to June 17 and I really did not learn about them except as I learned about them in the public press." (Tr. 1752)

* * *

"Senator Baker, I guess another way to put it, Mr. Stans, is did you gain all of your information about the facts and circumstances that related to Watergate from newspaper accounts, or did one of those gentlemen that I have identified and I will identify again -- Mr. Sloan, Mr. Magruder, Mr. LaRue, Mr. Ehrlichman, Mr. Haldeman, Mr. Mitchell -- did any of them at any time until this moment tell you what happened at Watergate? Or Mr. Liddy or the President?

"Mr. Stans. My answer to that is no." (Tr. 1755)

* * *

"Senator Ervin. Well, did not -- all you did know engender in your mind a suspicion that maybe something was rotten in the Committee to Re-Elect the President?

"Mr. Stans. Mr. Chairman, I had no reason to suspect at that time and until March 23rd that there was anybody involved in this matter beyond McCord and Liddy." (Tr. 1839)

* * *

"Mr. Edmisten. Do you recall at any time Mr. Mitchell telling you that there were others involved besides those who were apprehended?

"No, I do not." (Tr. 1661)

* * *

"Senator Ervin. Well, you didn't have any feeling that there was anything rotten in the Committee to Re-Elect the President that ought to be investigated?

"Beyond that investigation which was going on by the FBI, by the grand jury, by the White House, and whatever other sources were involved, I had no investigating mechanism and I did not." (Tr. 1841)

* * *

F. Keeping Testimony from Committee

1. "Senator Ervin. Yes, but depositions have been kept away from this Committee and I know from trying to extract testimony from Mr. Stans, that you had to pull testimony out of him, you had to get a question as strong as two team oxen." (Tr. 5843)

2. This statement contrasts with Senator Ervin's own statement on June 13, 1973 when he stated to Mr. Stans:

"..... I want to thank you for appearing and testifying in substantial detail." (Tr. 1868, emphasis added.)

The Vice Chairman added his view:

"I think you have been very helpful in that respect and we thank you for it." (Tr. 1869)

* * *

Mr. Stans explained the extent of his efforts to cooperate fully:

"I want to assure you now that I will do my very best to be helpful to the Committee in my testimony." (Tr. 1619)

* * *

"..... This would enable me to give a complete picture rather than a piece-meal response, and this is what I hope to do today, to the extent I am able..." (Tr. 1620-21)

"..... I have instructed all Finance Committee personnel to cooperate fully and candidly." (Tr. 1621)

* * *

"..... I am confident that you will find that everyone connected with the Finance Committee has cooperated fully and that all of them are innocent of any involvement." (Tr. 1863)

* * *

"Senator, we have made available to the staff of the Committee all the files. They have examined my personal files; they have all of the correspondence and memorandums that passed between me and the individuals you have named. I have given you the best of my recollection on the various matters that I have been asked about, and I think from here on out, the answer is that it is up to the other witnesses that you are going to call to tell what they know about it." (Tr. 1756)

G. Grand Jury Testimony of Mr. Stans

1. "Senator Ervin. I don't know because there is no way to tell it but I know if he had testified before that Committee, before the Grand Jury and given the same evidence he gave before this Committee the Grand Jury would have had a reasonable basis for reaching a conclusion that there was a prima facie case and that is all the Grand Jury has got to find, that officers of the Committee to Re-Elect the President had procured this burglary and they could have presented them for indictment as accessories, before the fact to burglary, because the evidence is that the money came right out of the Committee to Re-Elect the President, right to these people." (Tr. 5847-48)

"Senator Ervin. ...if you can explain why Mr. Stans ought to be treated in a different way from any other citizen in the United States when there is no law that allows it, I will be glad to have your explanation." (Tr. 5847)

* * *

"Mr. Petersen. It was made available to the Grand Jury and it was read into the Grand Jury.

"Senator Baker. Was there any step taken to prevent the grand jury from asking Mr. Stans to appear then or later?

"Mr. Petersen. No."

* * *

"Senator Baker. ...The Chairman and I joust from time to time about that grand jury appearance and at the time the matter first came up I confess I did not know there was a legal precedent for taking proof outside the presence of the grand jury and that proof - that precedent was brought to my attention. [United States v. Sweig, 441 F. 2d 114, 121 (1971)] So as the Chairman properly says, it is not illegal to take depositions and submit them to the grand jury. It then becomes just a matter of judgment as distinguished from illegality." (Tr. 7381)

* * *

"Mr. Petersen. I did discuss with Mr. Silbert and Mr. Kleindienst whether or not we should make a concession. One of the concessions that we did make was that we would take his testimony and what I described as under grand jury conditions, that is, under oath, without his lawyer being present, in order to avoid publicity and - ." (Tr. 7470)

* * *

"Mr. Petersen. He was interrogated in my conference room by the prosecutors on the case with a reporter present and no one else." (Tr. 7470)

* * *

"Mr. Dash. Who else, by the way, was given a similar concession during the investigation?

"Mr. Petersen. Colson, Kehrli and Young." (Tr. 7470)

* * *

"Mr. Kleindienst. Mr. Petersen said that if you are dealing with persons of high position, persons of great notoriety or prestige, it is not uncommon, depending upon the circumstances, instead of having them appear before the grand jury directly, to have them interrogated by an assistant United States Attorney or the United States Attorney with a court reporter and give them questions and get answers from them, otherwise, the same ground rules would apply, they would not have a lawyer with them, their attorney could be in the next room, if they wanted to consult with their attorney they could step out and do that. He said that particularly he saw no objection to it in view of the fact that as of that time there was no evidence of any kind in our possession that would indicate culpability or criminal conduct on behalf of Mr. Stans." (Tr. 7330)

* * *

"Senator Baker. Let me ask you this one point, to take the Stans testimony as a particular illustration. As I understand it, you put it in these terms, we took the Stans testimony under grand jury conditions, which means, I take it, under oath or with investigation or examination conducted by a U.S. Attorney without other people present, including the absence of the witness's attorney.

"Mr. Petersen. That is right.

"Senator Baker. You did it that way. Was the transcript, the writeup of that material then presented to the grand jury, was it read to the grand jury?

"Mr. Petersen. It was made available to the grand jury and it was read into the grand jury.

"Senator Baker. Was there any step taken to prevent the grand jury from asking for Mr. Stans to appear then or later?

"Mr. Petersen, No." (Tr. 7527-28)

* * *

"Mr. Kleindienst. I think one of the things Mr. Petersen said to me when we discussed this thing was that if the grand jury, when they received his written testimony, had any reason for wanting to interrogate Mr. Stans directly, that then Mr. Stans would be required to go before the grand jury.

"Senator Ervin. Do you not agree with me that a grand juror could cross examine Mr. Stans better than they could a piece of paper or words on it?

"Mr. Kleindienst. I think, and I am not trying to rationalize or debate the matter with you, Mr. Chairman, you take the situation, the context in I found it, there was no reason to suspect Mr. Stans of illegal conduct." (Tr. 7373)

* * *

"Mr. Petersen. ...it was true he had been interviewed at least twice by the FBI but we simply - I am hesitating because I want to be fair to Mr. Stans - basically his testimony, his interviews were the same as he gave the Committee. Let me put it that way.

"As I recall his appearance up here, there was some question about whether the Committee believed his statements that he did not know what happened to the money, that all he did was collect it. We had some difficulty, the same difficulty, and we felt that if that was his story, that we ought to have it under oath. So to that extent we called him basically the third time and it was right - ." (Tr. 7468)

* * *

"Senator Baker. I am about to run out of time, but let me ask you two or three other things. All of the statements the Chairman made about the money chain, about the information available to you, on the identity of Liddy, on the identity of Hunt, and any number of other people, all of that information that the Chairman very properly identifies as an integral part of this record was in general terms or maybe very literally was all that presented by one witness or another to that grand jury?

"Mr. Petersen. Yes, sir.

"Senator Baker. So it was not wheedled from the grand jury?

"Mr. Petersen. That is right.

"Senator Baker. So all of that information appeared before the grand jury?

"Mr. Petersen. That is right." (Tr. 7529-30)

* * *

"Senator Baker. Has there been anything in the handling of this prosecution by you, by the U.S. Attorney's Office, by the Assistant U.S. Attorney or anyone else you know connected with the Justice Department that in your judgment, has jeopardized the possibility of showing probably cause or guilt beyond a reasonable doubt of the several people that we have spoken of?

"Mr. Petersen. No sir...." (Tr. 7526)

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November 13, 1973

* Not admitted in the
District of Columbia

Hon. Sam J. Ervin, Chairman
Senate Select Committee on
Presidential Election Activities
United States Senate
Washington, D. C.

Dear Mr. Chairman:

In the hearings on November 7 and 8 testimony was adduced concerning contacts by Mr. John Priestes with Messrs. Stans, Sloan and Fernandez. Mention was made of Mr. Stans' contact with HUD.

Enclosed is an affidavit of G. Richard Dunnells explaining the nature of Mr. Stans' contact with HUD. I request, as counsel for Mr. Stans, that this be made part of the record at a suitable place in the testimony, so the record may be complete.

Sincerely yours,

WILKINSON, CRAGUN & BARKER


By: Robert W. Barker

cc: Hon. Maurice H. Stans

enc.

AFFIDAVIT OF
G. RICHARD DUNNELLS

WASHINGTON)
) ss:
DISTRICT OF COLUMBIA)

G. Richard Dunnells, being first duly sworn,
deposes and says:

I was on March 13 and 14, 1972, the Deputy
Assistant Secretary, Office of the Assistant Secretary for
Housing Management, Department of Housing and Urban Development.


I have been asked by Mr. Robert W. Barker, Counsel
for Mr. Maurice H. Stans, to furnish this affidavit for use
before the Senate Select Committee on Presidential Election
Campaign Activities, explaining the circumstances under which
I wrote the attached note, dated March 14, 1972, to Mr. Stans
concerning Mr. John Priestes (Exhibit 1 hereto).

On March 13, 1972, Mr. Stans asked me to advise him
as to what was known in the Department concerning the reputation
and activities of John Priestes, whether he was the kind of
person from whom Mr. Stans should accept a contribution.

I immediately checked with various personnel in
the Department and found that Mr. Priestes had been the subject
to considerable adverse publicity and an investigation. The
case was so well known in the Department that I was able to
send Mr. Stans the memo the very next day setting forth some
of the facts and stating that any "contact with Priestes at this
time would, in our opinion, be highly inappropriate".

- 2 -

Mr. Stans, at no time, asked that any help
be given Priestes.


G. Richard Dunnells

Subscribed and sworn to before the undersigned
this 13 day of November, 1973.


Anita S. Regan
Notary Public, District
of Columbia

My Commission Expires:

My commission expires March 14, 1978.

Note.--Exhibit 1 referred to is already part of this exhibit
and appears at the conclusion of Mr. Stans' statement.

EXHIBIT No. 266

A F F I D A V I T

TO THE SENATE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

STATE OF FLORIDA)

DADE COUNTY)

CARLOS NUNEZ, being duly sworn, deposes and says:

1. I am presently employed and have been employed for many ⁸(27+3) years as a builder.

2. In early 1972, around February I was invited by Mr. Julian Vinas to attend a cocktail party at his home in Coral Gables to raise money for the re-election of the President thru the Hispanic Finance Committee. At this party I was introduced to Mr. Benjamin Fernandez (Chairman of Hispanic Finance Committee.) by the host Mr. Julian Vinas. I talked to Mr. Fernandez about my Association in the past with Mr. Priestes in a general way - at the time Mr. Priestes was making headlines about his problems with FHA.

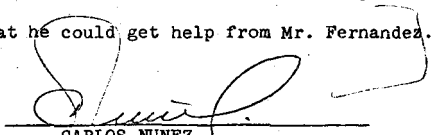
I was asked, besides my contribution if I knew any persons who could make contributions, obviously Mr. Priestes' name came up; I said with all the problems at that time I didn't know if he would be in the position to make any contribution.

A few days later I found that there had been contact between Mr. Fernandez and Mr. Priestes, and I was told by Mr. Priestes that he made a contribution and that Mr. Woolin loaned him the money.

I did see Mr. Fernandez a couple of times after the party but never discussed Mr. Priestes' contribution or any related matter with him.

Furthermore, I was never told by Mr. Fernandez that he could help Mr. Priestes or from Mr. Priestes that he could get help from Mr. Fernandez.

FURTHER AFFILIANTS SAYETH NAUGHT.


 CARLOS NUNEZ

SWORN to and subscribed before

me 5th day of November, 1973
Susan M. Hecker
 Notary Public, State of Florida

 NOTARY PUBLIC STATE OF FLORIDA AT LARGE
 MY COMMISSION EXPIRES MAY 23, 1975

My Commission Expires:

EXHIBIT No. 267

Jose Manuel Casanova

7500 S.W. 82 COURT, MIAMI, FLORIDA 33143

November 7, 1973

Affidavit

To the best of my recollection, these are the facts requested of me by the investigators of the Watergate Committee. That in early March, I had a table with several guests at the Sonesta Hotel. That Mr. Benjamin Fernandez was among my guests. That he received a message and left for a while to meet with a potential donor who might bring a large donation. Upon his return, I did not discuss the matter except to find out there was no check. All Florida donations were to be credited to my committee.

On other occasions during Mr. Fernandez's short visits, he mentioned the possibility of a large donation from a local source being credited to my committee. The figures mentioned varied from \$25,000 to \$100,000 although I never received the impression that anything was definite.

At a later date in early April, Mr. Fernandez asked me to come to Washington to meet Mr. Maurice Stans and personally deliver to him the donations my committee had already accumulated.

He told me appointments with Mr. Stans were hard to obtain since he was a busy person and that he would use the opportunity of our visit to invite separately Mr. John Priestes to meet a few minutes with Mr. Stans. Mr. Priestes was to make a \$25,000 contribution which would be credited to my committee. I believe Mr. Fernandez said that there was a possibility he might make an additional contribution at a later date.

I was introduced to Mr. Priestes for the first time the evening prior to visiting Mr. Stans, at Mr. Fernandez's hotel room in Washington. He only stayed a few minutes and it was a casual conversation. I do remember his saying something to the effect that he did not have his check for the \$25,000 donation, but that he would have it next day by the time he was to meet Mr. Stans.

Next day I went with Mr. Fernandez to meet Mr. Stans at his office. After a brief interview, we left the room and were almost ready to go when Mr. Priestes arrived. He excused himself for being delayed and went in with Mr. Fernandez to meet Mr. Stans. After a few minutes, they came out and Mr. Priestes left. I knew he had given a \$25,000 contribution. I understood he had made it out to the wrong committee, but that there would be no problem if they wanted to cash it and credit the proper committee. Also the check was made out and signed by another party, but it was Mr. Priestes own doing.

-2-

A few days later, Mr. Fernandez told me that Mr. Stans had instructed him to return Mr. Priestes his check and to sever all contacts with him since he was not acting in good faith. He told me to do the same, although I had never had previous contact with Mr. Priestes. As a matter of fact, at a later date I did receive a message that Mr. Priestes called me, and I should call back to a certain number. I never returned the call.

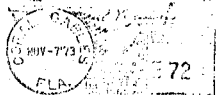
Frankly, I was impressed with Mr. Stans forthright attitude in returning this large contribution. In all fairness to Mr. Fernandez, during my short acquaintance with him dating back to early 1972, I have always found him to be a straightforward, sincere person who told it as it was. I believe him to be a private citizen, like myself, who gave his money, time and effort, with the welfare of his country at heart.

Jose M. Calma
Jose M. Calma

Mac Pote
NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES APR. 1, 1977
OBTAIN YOUR OWNERSHIP INSURANCE UNLESS OTHERWISE

1-5-75

Air Mail
SPECIAL DELIVERY



Watergate Committee
Room C-308
New Senate Office Building
Washington, D.C. 20510



Att: Mr. Michael Carpenter

CONFIDENTIAL

Wid 5

Jose Manuel Casanova

7500 S.W. 82 COURT, MIAMI, FLORIDA 33143



5739

EXHIBIT No. 268

LAW OFFICES
STONER, TREESE & RUFFNER
1000 CONNECTICUT AVENUE
WASHINGTON, D. C. 20036

JAMES R. STONER
JAMES R. TREESE
ERNEST L. RUFFNER

AREA CODE 202
293-2131

November 7, 1973

Honorable Sam J. Ervin, Jr.
Chairman
Senate Select Committee on Presidential
Campaign Activities
United States Senate
Washington, D.C. 20510

Dear Senator Ervin:

I understand from counsel for the Committee that testimony of Hugh W. Sloan, Jr. would be helpful to the Committee in completing its record concerning events that occurred at a meeting in late March 1972 in the office of the Finance Committee to Re-Elect the President between Messrs. John Priestes, Ben Fernandez, Maurice Stans, Hugh W. Sloan, Jr. and others.

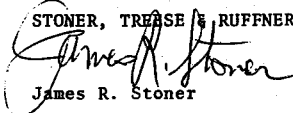
Mr. Sloan presently resides in Birmingham, Michigan and it would be inconvenient for him to come to Washington to testify or to execute an affidavit concerning this matter on a timely basis and accordingly he has authorized me to submit a statement on his behalf.

As Mr. Sloan's attorney, I have discussed this matter with him on numerous occasions and I enclose herewith a statement which I have signed on his behalf and which I have reviewed with him and which he has informed me accurately reflects the testimony which he would give if called as a witness.

I trust the enclosed statement will be helpful to the Committee.

Very truly yours,

STONER, TREESE & RUFFNER



James R. Stoner

JRS/cnj

Enclosure

cc: Fred J. Thompson, Esquire
David Dorsen, Esquire

STATEMENT OF
HUGH W. SLOAN, JR.

I was informed that about late February 1972, Ben Fernandez approached Maurice Stans, Chairman of the Finance Committee to Reelect the President, and told him that he thought that the Spanish speaking community in the United States could raise \$1,000,000 for the President's reelection effort and asked that records of contributions by the Spanish speaking community be kept separate from other campaign contributions. Thereafter, a Hispanic Finance Committee was formed with Mr. Fernandez as chairman and Mr. Stans asked me to act as liaison with this Committee which I thereafter did.

About early March 1972 Mr. Fernandez indicated that he wanted a big kick-off for the Hispanic Finance Committee and said that he would start off with potential contributors from Florida and mentioned that he hoped that he had a couple contributors in the \$100,000 class, including John Priestes, whom he wanted Mr. Stans to meet. After I took this up with Mr. Stans, Mr. Stans asked for further background. Based upon what Mr. Fernandez told me, I prepared a short memorandum to Mr. Stans including the fact that among the persons who wanted to see him was a potential \$100,000 contributor according to Mr. Fernandez. Mr. Stans agreed to meet with the prospective contributors identified by Mr. Fernandez.

In mid-March 1972, five or six Spanish speaking persons, including Mr. Fernandez and Mr. Priestes, met briefly with Mr. Stans and me. There was no significant discussion

that I recall. Immediately after the larger meeting, Mr. Stans met privately with Mr. Priestes and perhaps Mr. Fernandez. After the meeting, Mr. Stans was upset and expressed his displeasure with the meeting to me stating that the contributor was not in the \$100,000 class as he had been led to believe and further that he was concerned about Mr. Priestes personally. Mr. Stans told me that we would have to have better clearance of potential contributors who wanted to meet him.

Mr. Priestes had arrived at this meeting with a contribution in the form of a check. However, there were problems regarding the use of the check as a campaign contribution inasmuch as the check was not made out to the proper payee, probably being payable to the Republican National Committee rather than to one of the campaign committees. In addition, ordinarily a contributor who made a contribution by check in an amount over \$3,000 would break his contribution into units of \$3,000, and the check which Mr. Priestes had was for an amount in excess of \$3,000.

The above occasion was the only specific occasion that I recall Mr. Stans meeting with potential contributors introduced by Mr. Fernandez but there may have been one or two others.

Dated: November 7, 1973

Hugh W. Sloan, Jr.
By James R. Stoner, Attorney
Hugh W. Sloan, Jr.
By James R. Stoner, Attorney

EXHIBIT No. 269

NATIONAL ECONOMIC DEVELOPMENT ASSOCIATION

FUNDED BY THE SMALL BUSINESS ADMINISTRATION AND THE ECONOMIC DEVELOPMENT ADMINISTRATION
AN AFFILIATE OF THE OFFICE OF MINORITY BUSINESS ENTERPRISE, UNITED STATES DEPARTMENT OF COMMERCE

CONFIDENTIAL

May 11, 1972

The Honorable Peter G. Peterson
United States Secretary of Commerce
Department of Commerce
Washington, D. C.

The Honorable Thomas Kleppe
Administrator
Small Business Administration
Washington, D. C.

Dear Sirs:

The statement made by Congressman Henry B. Gonzalez of Texas on the floor of the United States House of Representatives in reference to the National Economic Development Association and its former Chairman and President, Benjamin Fernandez, on May 4, 1972, require that we write this letter.

We, at NEDA, feel that our most important relationships are with the Department of Commerce and the Small Business Administration, and it is in that spirit that we present the following facts.

We have studied the transcript in the Congressional Record and would like to discuss the most vital points made by Congressman Gonzalez. First of all, the following charges are made:

1. That Mr. Fernandez used his position as Chairman and President of NEDA for his personal financial betterment.

2. That NEDA sponsored all of his banking and Savings and Loan charter applications.

FRANK D. VEGA
President
ALFRED VILLALOBOS
Executive Vice-President
RAFAEL E. VEGA
Secretary-Treasurer
ARTHUR NEGRETE
Organizational Vice-President

OFFICES...

ARIZONA
Phoenix
Tucson

CALIFORNIA
Los Angeles
San Jose

FLORIDA
Miami

ILLINOIS
Chicago

KANSAS
Kansas City

LOUISIANA
New Orleans

NEW JERSEY

NEW MEXICO
Albuquerque
Santa Fe

NEW YORK
New York

PORTO RICO

TEXAS
El Paso
San Antonio

May 11, 1972

3. That certain members of the NEDA staff were involved for personal financial gain.

4. That the "Fernandez team" is still very much in control of NEDA and implies that he can still carry on in the same manner.

5. That the NEDA operation is in need of a house cleaning.

We would like to answer these charges one at a time.

Firstly, the allegation that Mr. Fernandez used his position at NEDA for his personal financial betterment is true and while illegality would be difficult to prove, there is no doubt that certain of his actions were improper. We would like to inform you that this was one of the facts which led the Board of Directors to terminate his relationship with the National Economic Development Association at our annual board meeting in August 1971.

Secondly, to the allegation that NEDA sponsored the formation of banks and Savings and Loan organizing groups, NEDA did not; Benjamin Fernandez sponsored their formation, many of them prior to the formation of NEDA, and he did receive his standard fees of upwards of \$10,000 per group, however, NEDA staff and NEDA as an organization never set the policy of sponsoring such groups so that Mr. Fernandez's former firm, Research, Inc., could be hired to prepare the surveys required by the appropriate agencies. However, that is not to say that individuals employed by NEDA might not have been influenced and maybe even directed by Mr. Fernandez to do his bidding in regard to forming these groups and assuring that Research, Inc. would receive the survey contracts. This is a matter which during our troubles with Mr. Fernandez, was almost impossible to control, and was another reason for terminating our relationship with him.

Thirdly, regarding NEDA staff and Board Members being involved for personal gain in the formation of Savings and Loan Associations and banks. It is the policy of NEDA that

May 11, 1972

its employees may participate as investors in business ventures which do not involve NEDA clients, or NEDA resources and facilities. Therefore, if a member of our staff wanted to participate as an organizer of a bank or in the capacity of an investor, it would certainly be allowed within the framework aforementioned. Board members, however, serve as volunteers without remuneration and, therefore, their personal business activities are not under the perusal and authority of the NEDA operating staff.

Fourth, the allegation that a "Fernandez team" is in control of NEDA and, therefore, that Fernandez can continue to operate in the alleged manner, is totally untrue. It was the Board of Directors and management staff of NEDA which terminated his relationship with NEDA and our staff as well as the overwhelming majority of the Board have no business or personal relationships with Mr. Fernandez. As a matter of fact, we have made it very clear on numerous occasions, officially and unofficially, that we want no part of Mr. Fernandez or the activities in which he is involved.

Fifth, the allegation that the NEDA operation is in need of a house cleaning is completely untrue and certainly unfair. Once the Board of Directors and management staff of NEDA became aware of Mr. Fernandez's improprieties or potential conflict of interest or misuse of his position we took immediate steps to remove him from NEDA - lock, stock and barrel, and we did this without receiving any pressure from outside sources because it was the proper thing to do.

For your information and possible use in the future, please be advised that we have a complete tape recording of our last year's annual Board meeting as well as a transcript of the meeting, which we will be more than happy to make available to you, if you so require. Also we wish to inform you that a representative of the S.B.A., Henry Zuniga, was present at that board meeting.

Please be assured that NEDA is a hard working, highly productive arm of the Department of Commerce and the Small Business Administration, and we will endeavor to

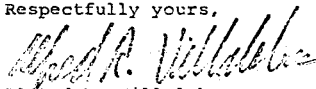
-4-

May 11, 1972

continue to do the type of job that will make you and our community proud to be partners in the progress of the Spanish speaking people through business enterprise. Our history will prove that any action necessary has always been taken to protect the integrity of NEDA and its personnel and, above all, the well being and interests of all NEDA clients.

Please do not hesitate to communicate with us if any additional information is needed.

Respectfully yours,



Alfred R. Villalobos
Executive Vice President
and Chief Operating Officer

EXHIBIT No. 270

Law Office
Nathaniel J. Ely

*1800 Loch Lomond Drive
 Bethesda, Maryland 20034*

Nov. 29, 1973

[365-8100]

Tel: 301-229-0500

Miss Carolyn Andrade, Administrative Ass't
 Senate Select Committee on
 Presidential Campaign Activities
 Room G-308, New Senate Office Bldg
 Washington D.C. 20510

Re: Mr. Ben Fernandez appearance before
 Select Committee November 8, 1973

Dear Miss Andrade:

Reference is made to your inquiries of Nov. 21 and 28 regarding additional records which we promised to obtain and furnish to the Committee. More specifically you referred to pages 9864 and 9868 of the hearings transcript wherein Mr. Fernandez stated that he would provide a monthly report by NEDA (National Economic Development Association) together with a tape recording, and transcript of the latter, covering the NEDA Board of Director's Meeting of August 13, 1971.

Attached hereto, is a copy of the NEDA monthly report for May 1971 which includes data covering the first eleven months of operation. This report is signed by Mr. Alfred R. Villalobos, Exec. Vice-Pres. of NEDA. Also attached is letter of transmittal from Mr. Fernandez to me, which points out the inconsistency of statements by Mr. Villalobos made to Secretary Peterson and to Mr. Thomas Kleppe.

Our associate, Mr. Clement H. Jacomini, has written to Mr. Julian Garcia of Albuquerque, New Mexico, Chairman of the Board of Directors of NEDA, requesting the unedited tape recording, together with a transcript of same, covering the Board of Director's Meeting of NEDA of August 13, 1971 at which time Mr. Fernandez resigned as Chairman of NEDA.

As soon as we hear from Mr. Garcia, we will promptly turn the additional records over to you.

Very truly yours,

Nathaniel J. Ely

nje/ad

cc: Clement H. Jacomini, Esq
 Mr. Ben Fernandez



FERNANDEZ & ASSOCIATES
CONSULTING ECONOMISTS
19913 BLACKHAWK STREET
CHATHAM, CALIFORNIA 91311
(213) 360-2218

November 27, 1973

Judge Nathaniel J. Ely
7300 Loch Lomond Drive
Bethesda, Maryland 20034

Dear Nat:

Thank you again for your kindness; your thoughtfulness.

Enclosed is a copy of Alfred R. Villalobos' monthly report to me and to the National Economic Development Association's (NEDA) Board of Directors. Please note that . . .

- (1) it is signed by Villalobos;
- (2) paragraph four, page 1, specifically states NEDA's policy of encouraging Spanish Speaking people to organize, manage, and control their own financial institutions, contrary to Villalobos' statement to Secretary Peterson and SBA's Thomas Kleppe in his letter dated May 11, 1972.

Please transmit this report to Senator Baker of the Ervin Committee, pursuant to your suggestion.

Kindest personal regards,


Ben Fernandez
Economist

cc: C. H. Jacomini, Attorney at Law
417 So. Hill Street, Suite 733
Los Angeles, California 90014

NEDA**NATIONAL
ECONOMIC
DEVELOPMENT
ASSOCIATION****BEN FERNANDEZ***President***ALFRED VILLALOBOS***Executive Vice President***FRANK VEIGA***Secretary-Treasurer***OFFICES ...****ALBUQUERQUE***New Mexico***CHICAGO***Illinois***EL PASO****SAN ANTONIO***Texas***KANSAS CITY***Kansas***LOS ANGELES****SAN JOSE***California***MIAMI***Florida***NEW ORLEANS***Louisiana***NEW YORK***New York***PHOENIX***Arizona*

June 6, 1971

Mr. Benjamin Fernandez, President
 National Economic Development Association
 3807 Wilshire Boulevard, Suite 1020
 Los Angeles, California 90010

Dear Mr. Fernandez:

Enclosed is the Performance Record of the National Economic Development Association (NEDA) for the month of May 1971 and for the first eleven months of operation.

As of May 31, 1971, (1) loans totaling \$11,626,685 have been approved; (2) loan applications in the amount of \$14,683,551 are awaiting a decision from lending institutions; and (3) loan packages amounting to \$14,212,970 are in process in NEDA regional offices.

On a total basis, NEDA Management reported some 744 loans valued at \$40,523,206 either approved, submitted pending approval, or in process.

Very truly yours,



Alfred R. Villalobos
 Executive Vice President

ARV/NP

Enclosure

cc: Administrator, Small Business Administration
 NEDA Board of Directors
 NEDA Regional Vice Presidents

NATIONAL OFFICE

SUITE 1020, 3807 WILSHIRE BOULEVARD, LOS ANGELES, CALIFORNIA 90010 (213) 385-7491

I. OBJECTIVES OF NEDA

The basic objective of the National Economic Development Association (NEDA) is to foster the free enterprise system among Spanish-speaking people.

Funded by the Small Business Administration, NEDA's Management has developed a three-part program designed to fulfill this objective, viz.,

- A. **Technical Assistance.** (1) NEDA will prepare loan applications for potential Spanish-speaking businessmen, and for existing businesses owned by Spanish-speaking people. In addition, it will represent the entrepreneur while seeking capital from loan sources; (2) it will assemble the necessary voluntary services through a coalition of private and public sources to provide a continuing source of Management assistance to these businesses; (3) it will develop the necessary working relationship with local Spanish-speaking organizations in order to identify potential businessmen; (4) it will develop the necessary working relationship with the local business community and local organizations in order to identify business opportunities for Spanish-speaking Americans; and (5) it will serve as a source of information to the Spanish-speaking people on economic development matters.

- B. **Financial Program.** Spanish-speaking people will be encouraged to organize, manage, and control their own financial institutions, such as MESBICs, banks, savings and loan associations, investment corporations, and other such financial organizations. In this manner, they will be pooling their own resources to compete effectively. Management training and technical assistance programs have been developed to insure a strong probability of financial success.

- C. **Educational Program.** Spanish-speaking students will be urged to pursue an undergraduate program leading to a Bachelor of Arts degree in Business Administration and to continue their education, matriculating toward a Master of Business Administration degree. In each community, NEDA will be the catalyst resulting in programs leading to the fulfillment of these objectives.

II. SUMMARY OF OPERATIONS

During the month of May, loan applications totaling \$1,480,570 were approved by financial sources, raising the year to date figure to \$11,626,685 in loans approved. The value of loan applications which have been submitted to financial sources and are pending approval increased to \$14,683,551. Loan applications in process in NEDA regional offices are valued at \$14,212,970. The total value of the 744 loans either approved, submitted pending approval, or in process is \$40,523,206.

TABLE I
SUMMARY OF OPERATIONS
National Economic Development Association
Los Angeles, California
Year to Date*

Item	Number	Amount
Number and Value of Loan Applications Approved by Financial Source	244	\$11,626,685
Number of Loan Applications Submitted Pending Approval by Financial Source	269	14,683,551
Number of Loan Applications in Process	231	14,212,970
Total	744	\$40,523,206
Lease Guarantees:	0	\$ 0
8-(a) Contracts	4	955,375**
Grand Total	748	\$41,478,581

* From July 1, 1970 to May 31, 1971.

** Reporting adjustment

Source: NEDA Regional Management

III. YEAR-TO-DATE REPORT

The following data report the progress of each office since July 1, 1970.

- A. **Number of Approvals.** Loans totaling 244 in number have been approved by financial sources. New Orleans, which became operational April 19, 1971 had its first loan approved during May and San Jose, California, which became operational March 15, 1971 now has a total of four loans approved.

TABLE II
NUMBER OF LOAN APPLICATIONS APPROVED
BY FINANCIAL SOURCE
National Economic Development Association
Los Angeles, California
Year to Date*

Rank	Regional Office	Number Approved
1	Albuquerque	51
2	Miami	39
3	San Antonio	35
4	El Paso	28
5	Los Angeles	24
6	Phoenix	24
7	Kansas City	19
8	Chicago	12
9	New York	7
10	San Jose	4
11	New Orleans	1
Total		244

* From July 1, 1970 to May 31, 1971.

Source: NEDA Regional Management

- B. **Value of Approved Loans.** San Antonio and Phoenix, having \$1,260,700 and \$1,010,900 respectively in loans approved, became the fifth and sixth NEDA offices to surpass the million dollar mark in loans approved. Total approvals on a year to date basis are now \$11,626,685.

TABLE III
**VALUE OF LOAN APPLICATIONS APPROVED
 BY FINANCIAL SOURCE**
National Economic Development Association
Los Angeles, California
Year to Date*

Rank	Regional Office	Value Approved
1	Miami	\$ 3,608,500
2	Albuquerque	1,856,563
3	El Paso	1,584,955**
4	Los Angeles	1,446,720
5	San Antonio	1,260,700
6	Phoenix	1,010,900
7	Kansas City	385,800
8	San Jose	189,500
9	New York	163,000
10	Chicago	102,047
11	New Orleans	18,000
Total		\$11,626,685

* From July 1, 1970 to May 31, 1971

** Reporting adjustment

Source: NEDA Regional Management

- C. **Active Submitted Loans.** There are 269 applications pending approval and Albuquerque with 73 continues to lead in this category. New York and Chicago have improved considerably in this area.

TABLE IV
NUMBER OF LOAN APPLICATIONS SUBMITTED
PENDING APPROVAL BY FINANCIAL SOURCE
National Economic Development Association
Los Angeles, California
As of May 31, 1971

Rank	Regional Office	Number Submitted
1	Albuquerque	73
2	Los Angeles	35
3	El Paso	32
4	Miami	25
5	San Antonio	25
6	Chicago	23
7	New York	20
8	Phoenix	16
9	Kansas City	14
10	New Orleans	4
11	San Jose	2
Total		269

Source: NEDA Regional Management

- D. **Value of Active Applications.** The 269 applications pending approval are valued at \$14,683,551, and Albuquerque, with a total of \$4,497,480 continues to lead in this category also. San Antonio moved from fourth to second place with a total of \$2,072,500.

TABLE V
VALUE OF LOAN APPLICATIONS SUBMITTED
PENDING APPROVAL BY FINANCIAL SOURCE
National Economic Development Association
Los Angeles, California
As of May 31, 1971

Rank	Regional Office	Value Submitted
1	Albuquerque	\$ 4,497,480
2	San Antonio	2,072,500
3	El Paso	2,047,561
4	Los Angeles	1,663,500
5	Miami	1,146,000
6	Phoenix	1,003,030
7	New York	838,780
8	Kansas City	611,700
9	Chicago	460,000
10	San Jose	280,000
11	New Orleans	63,000
Total		\$14,683,551

Source: NEDA Regional Management

- E. **Applications in Process.** NEDA Management reported 231 loan applications in various stages of preparation. Los Angeles, with 45 applications in process, remained in first place, and San Jose continued performing well, moving from tenth to seventh place.

TABLE VI
NUMBER OF LOAN APPLICATIONS IN PROCESS
National Economic Development Association
Los Angeles, California
As of May 31, 1971

Rank	Regional Office	Number in Process
1	Los Angeles	45
2	San Antonio	33
3	El Paso	30
4	Phoenix	27
5	Kansas City	26
6	Miami	25
7	San Jose	12
8	Albuquerque	11
9	New York	10
10	Chicago	9
11	New Orleans	3
Total		231

Source: NEDA Regional Management

F. Value of Applications in Process. The 231 loan applications being processed in NEDA regional offices are valued at \$14,212,970. San Antonio leads this category with \$3,141,000 loan applications in process. Note that San Jose is nearing the million dollar mark.

TABLE VII
 VALUE OF LOAN APPLICATIONS IN PROCESS
 National Economic Development Association
 Los Angeles, California
 As of May 31, 1971

Rank	Regional Office	Dollar Amount
1	San Antonio	\$ 3,141,000
2	Phoenix	2,489,500
3	Los Angeles	2,485,550
4	Miami	1,640,000
5	Chicago	1,147,000
6	San Jose	960,000
7	Kansas City	747,400
8	Albuquerque	605,000
9	New York	479,000
10	El Paso	406,520
11	New Orleans	112,000
Total		\$14,212,970

Source: NEDA Regional Management

IV. MAY, 1971 PERFORMANCE

During May, 1971, Management reported 188 loan applications accepted for processing, 142 loan applications submitted to financial sources, and 39 loans approved.

- A. Number of Applications Approved. San Antonio accounted for 8 of the 39 loans approved. Kansas City continues to perform well, moving into third place with 6 loan approvals. Miami experienced an unproductive month in this category.

TABLE VIII
NUMBER OF LOAN APPLICATIONS APPROVED
BY FINANCIAL SOURCE
National Economic Development Association
Los Angeles, California
For the Month of May 1971

Rank	Regional Office	Number Approved
1	San Antonio	8
2	Albuquerque	7
3	Kansas City	6
4	Phoenix	5
5	El Paso	3
6	Los Angeles	3
7	New York	3
8	San Jose	2
9	Chicago	1
10	New Orleans	1
11	Miami	0
Total		39

Source: NEDA Regional Management

- B. **Value of Applications Approved.** The 39 loans approved during May had a total value of \$1,480,570. San Antonio's 8 loan approvals were valued at \$608,500, ranking it number one for the month.

TABLE IX
VALUE OF LOAN APPLICATIONS APPROVED
BY FINANCIAL SOURCE
National Economic Development Association
Los Angeles, California
For the Month of May 1971

Rank	Regional Office	Amount of Loans
1	San Antonio	\$ 608,500
2	Phoenix	203,400
3	Los Angeles	187,220
4	Albuquerque	181,500
5	Kansas City	105,200
6	San Jose	64,500
7	New York	55,000
8	El Paso	32,250
9	Chicago	25,000
10	New Orleans	18,000
11	Miami	0
Total		\$1,480,570

Source: NEDA Regional Management

- C. **Number of Applications Submitted.** During the month of May, 142 applications were submitted to financial sources. Albuquerque and El Paso continue to lead in this category, having submitted 26 and 20 respectively.

TABLE X
NUMBER OF APPLICATIONS SUBMITTED
TO FINANCIAL SOURCES
National Economic Development Association
Los Angeles, California
For the Month of May 1971

Rank	Regional Office	Number Submitted
1	Albuquerque	26
2	El Paso	20
3	Los Angeles	17
4	San Antonio	16
5	Miami	14
6	Phoenix	12
7	Kansas City	11
8	New York	10
9	Chicago	9
10	New Orleans	5
11	San Jose	2
Total		142

Source: NEDA Regional Management

- D. **Value of Applications Submitted.** The 142 applications submitted to financial sources by NEDA Management during May were valued at \$7,436,154. San Antonio continues to perform well, accounting for \$1,997,500 of the total submitted. El Paso ranks second with \$1,266,700 in loans submitted.

TABLE XI
VALUE OF LOAN APPLICATIONS SUBMITTED
TO FINANCIAL SOURCES
National Economic Development Association
Los Angeles, California
For the Month of May 1971

Rank	Regional Office	Value Submitted
1	San Antonio	\$1,997,500
2	El Paso	1,266,700
3	Albuquerque	979,054
4	Los Angeles	838,220
5	Miami	742,000
6	Phoenix	569,900
7	Kansas City	498,900
8	New York	211,380
9	Chicago	187,000
10	New Orleans	81,000
11	San Jose	64,500
Total		\$7,436,154

Source: NEDA Regional Management

- E. **Loan Applications Accepted for Processing.** El Paso continues to lead in this category, accounting for 39 of the 188 loan applications accepted by NEDA Management during the month of May. Albuquerque and San Antonio reported 30 and 23 new applicants, respectively, and are ranked second and third.

TABLE XII
NUMBER OF LOAN APPLICANTS ACCEPTED FOR PROCESSING
National Economic Development Association
Los Angeles, California
For the Month of May 1971

Rank	Regional Office	Number Accepted
1	El Paso	39
2	Albuquerque	30
3	San Antonio	23
4	Kansas City	18
5	Los Angeles	18
6	Miami	15
7	New York	12
8	San Jose	11
9	Chicago	8
10	Phoenix	8
11	New Orleans	6
Total		188

Source: NEDA Regional Management

- F. **Value of Applications Accepted for Processing.** The 188 loan applications accepted during the month of May had a value of \$9,539,644. San Antonio's 23 applications were valued at \$2,242,000. Note the progress being made by San Jose, whose 11 new applications totaled \$783,500.

TABLE XIII
VALUE OF LOAN APPLICATIONS ACCEPTED FOR PROCESSING
National Economic Development Association
Los Angeles, California
For the Month of May 1971

Rank	Regional Office	Dollar Amount
1	San Antonio	\$2,242,000
2	Albuquerque	1,468,789
3	El Paso	1,191,455
4	Miami	1,140,000
5	Los Angeles	879,220
6	San Jose	783,500
7	Kansas City	624,400
8	New York	490,380
9	Phoenix	323,900
10	Chicago	239,000
11	New Orleans	157,000
Total		\$9,539,644

Source: NEDA Regional Management

- G. **Individuals Counseled.** A total of 4,662 individuals has been counseled or advised by NEDA regional personnel. Three out of every ten individuals counseled become NEDA applicants for financial assistance.

TABLE XIV
NUMBER OF INDIVIDUALS COUNSELED OR ADVISED
National Economic Development Association
Los Angeles, California
For the Month of May 1971 and Year to Date*

Rank	Regional Office	For the Month		Year to Date	
		Rank	Number	Rank	Number
1	Los Angeles	2	69	1	1,134
2	Phoenix	1	110	2	682
3	Albuquerque	3	50	3	507
4	San Antonio	6	46	4	486
5	Miami	5	46	5	469
6	Kansas City	9	41	6	360
7	New York	7	45	7	318
8	El Paso	8	43	8	312
9	Chicago	4	47	9	294
10	San Jose	10	24	10	53
11	New Orleans	11	23	11	47
Total			544		4,662

* From July 1, 1970 to May 31, 1971.

Source: NEDA Regional Management

H. 8(a) Contracts. No 8(a) contracts were awarded during the month of May.

TABLE XV
NUMBER OF 8 (a) CONTRACTS AWARDED
National Economic Development Association
Los Angeles, California
Year to Date*

Rank	Regional Office	Number	Amount
1	San Antonio	2	\$740,000
2	Los Angeles	1	196,700**
3	Phoenix	1	18,675
4	Albuquerque	0	0
5	Chicago	0	0
6	El Paso	0	0
7	Kansas City	0	0
8	Miami	0	0
9	New Orleans	0	0
10	New York	0	0
11	San Jose	0	0
Total		4	\$955,375

* From July 1, 1970 to May 31, 1971.

** Reporting adjustment

Source: NEDA Regional Management

V. FINANCIAL INSTITUTIONS ON FILE

No activity was reported by NEDA Management in this area during the month of May.

TABLE XVI
NUMBER OF FINANCIAL INSTITUTION APPLICATIONS
FILED OR APPROVED*
National Economic Development Association
Los Angeles, California
As of May 31, 1971

Rank	Regional Office	Filed	Approved	Pending	Denied
1	Los Angeles	9	3	6	0
2	San Antonio	6	0	5	1
3	El Paso	1	0	1	0
4	Phoenix	1	0	1	0
5	Albuquerque	0	0	0	0
6	Chicago	0	0	0	0
7	Kansas City	0	0	0	0
8	Miami	0	0	0	0
9	New Orleans	0	0	0	0
10	New York	0	0	0	0
11	San Jose	0	0	0	0
Total		17	3	13	1

* Filed with or approved by appropriate regulatory agency.

Source: NEDA Regional Management

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EXHIBIT No. 271-1

SOCIAL SECURITY NO.	CLOCK NO.	HOURS		EARNINGS			
		ACTUAL	EXCESS	DAY WORK	PIECEWORK	EXCESS	GROSS
299-32-5234	0196						5,000.00

DEDUCTIONS

BONDS	UNION	ADVANCES	MISC.	CITY TAX	F.I.C.A.	W.H. TAX	OTHER	TOTAL DED.
				50.00		1,250.00		

PAY ENDED		
MO.	DAY	YR.
04	06	72

NET PAY
3,700.00

DETACH THIS STATEMENT AT
PERFORATION BEFORE PRESENTING

EXHIBIT NO. 271-2

FOR DEPOSIT TO THE CREDIT
OF WITHIN NAMED PAYEE
The First National Bank
OF WASHINGTON
WASHINGTON, D. C.

FOR DEPOSIT TO THE CREDIT
OF WITHIN NAMED PAYEE
The First National Bank
OF WASHINGTON
WASHINGTON, D. C.

APR 10 1972

APR 10 1972

982

082

M. E. Clark, Jr.
32733 Belle Road
Avon Lake, Ohio 44012

6-68
410

1544

Date 4/6 1972

Pay to the order of LOYAL AMERICANS FOR GOVERNMENT REVENUE \$3000.00

THREE THOUSAND and 00/100 Dollars



CLEVELAND TRUST
Lorain Office
The Cleveland Trust Company
Lorain, Ohio 44052

M. E. Clark, Jr.

⑆0410⑈0068⑆ 70110⑈5928⑈

⑈0000300000⑈

M. E. Clark, Jr.
32733 Belle Road
Avon Lake, Ohio 44012

6-68
410

1543

Date 4/6 1972

Pay to the order of SINGLE SOCIETY CHURCH \$100.00

ONE HUNDRED and 00/100 Dollars



CLEVELAND TRUST
Lorain Office
The Cleveland Trust Company
Lorain, Ohio 44052

M. E. Clark, Jr.

⑆0410⑈0068⑆ 70110⑈5928⑈

⑈0000300000⑈

EXHIBIT No. 271-3

Stable Society Council
\$ 100⁰⁰

Loyal Americans for
Government Reforms
\$ 3,000⁰⁰

EXHIBIT No. 271-4

read by
Clark

THE AMERICAN SHIP BUILDING COMPANY

C E R T I F I C A T E

The undersigned acknowledges that in the year 1972 he received a bonus for services rendered to the Company in the amount of \$ 5000.00

The undersigned does hereby certify that the receipt of such bonus was in no manner, either directly or indirectly, conditioned upon or subject to the making by him of any contribution, whether charitable, political or otherwise.

The undersigned does hereby further certify that at no time during the year 1972 has any director, officer, or supervisory employee of the Company or any of its subsidiaries or affiliates directly or indirectly directed, requested or suggested that I make contributions to any charitable or religious group or organization or to any political organization or candidate, and that any contributions so made by me during the year 1972 were entirely voluntary and of my own choosing.

M.E. Clark

DATE: 12/30/72

EXHIBIT NO. 271-5

8/28/73

I, Matthew Edward Clark Jr., make this free and voluntary statement to Ambrose P. Burke, Jr. and Michael T. Bartley who have identified themselves to me as special agents of the Federal Bureau of Investigation.

Agent Burke furnished me with an interrogation; advice of rights form which I read, understood the meaning of, and executed the waives section of this form.

I have been employed by American Ship Building Company since March of 1968. I am presently the Director of Purchasing and previously held positions of chief expediter and estimator.

My salary in March of 1968 when I began employment with this company was \$8,600.00 and my present salary as of August 1973 is \$16,300.00.

In connection with bonuses received from American Ship Building Company, I received none in 1968 and may have received one in both ^{the} 1969 and 1970 but I am not sure of this. In the years 1971 and 1972 I recall receiving a bonus of about \$5,000.00 each year. This bonus

(2)

would be paid by regular payroll check and would be less deductions for taxes, etc. I can not recall the exact net amount of these bonuses.

In connection with stock options at American Ship Building Company I have two options to purchase 500 shares of stock each, one option being in the range of \$21.00 per share and the other option at about \$22.00 per share. These options will expire in 1975 or 1976 and to date I have not purchased any of the stock.

During the early part of 1972, the election period of time unrecalled, I discussed the presidential campaign with many of my fellow employees. I felt that I wanted to contribute in some way to the re-election of President Nixon as I felt the shipping industry was profiting more from the passage of the Maritime Act of 1970. I also feel that I hoped indirectly to bring to the attention of Mr. George Steinhilberman, Chairman and Chief Executive Officer of American Ship Building Company, that I was personally interested in the ~~the~~

future of the ship building industry by backing the Nixon Administration which Administration helped the industry.

In particular I recall speaking more with Mr. Robert Bartlome about making a contribution to assist in the re-election of President Nixon, in that I inquired of Mr. Bartlome how I would go about making a contribution. Mr. Bartlome said he would get a list of organizations connected with Nixons re-election campaign and that I could choose one of these organizations to contribute too. I chose one of the organizations from a list provided me by Mr. Bartlome, however I can not recall the name of the organization or committee, but do recall it had the word "Society" in it.

I also learned sometime around February 1972 from Mr. Bartlome that I would be receiving a bonus, but I did not know the amount of the bonus or when I would receive it.

In April of 1972 I wrote a check in the amount of \$3,000.00 on my Cleveland Trust checking account payable to the

M62

committee mentioned above. I gave this check to Mr. Bartlome ~~with~~ with the implied understanding that he would see the check arrived at its proper destination.

also in either late 1971 or early 1972 I purchased two tickets to a ~~Democratic~~ ^{political} dinner to be held in Washington, D.C. I can not recall the exact price of these tickets but they were either \$500.00 or \$1,000.00 each. I did not attend this dinner. The contributions for this dinner were solicited by the dinner committee through the mail. I paid for these tickets by personal check from the Cleveland Trust Bank and probably mailed the check in an envelope provided by the committee.

Regarding any other political contributions made in previous years dating back to 1968, I believe I possibly made contributions in 1970 and 1971, but do not recall the amounts or to whom the contributions were made. I do not recall making any contributions during 1968 or 1969.

In connection with any political

contributions I have described above, I wish to state that no pressure was brought to bear on me in any way to induce me to make these contributions. I also ~~was~~ ^{wish} to state that the contributions were made from my own earnings and I was not directly or indirectly reimbursed by anyone for the contributions I made of my own free will.

As far as my banking connections are concerned, my personal banking both savings and checking are handled through the Cleveland Trust Bank in Lorain, Ohio. I do not have a petty deposit box, and the only other bank I do business with is Cleveland Federal Savings & Loan where I have my home mortgage. I also wish to state I have no outside source of income.

In connection with my contribution to the Wilson Re-election campaign, I feel the annual bonus I received from my employment had a ~~small~~ ^{slight} bearing on the amount of my contribution, in that this bonus afforded me a larger amount of money to contribute than if I had contributed out of my regular earnings.

(6)

I wish to state however that I felt strong enough about the re-election of President Nixon that I would have contributed some amount of money even if I would not have received a bonus.

I HAVE READ THIS STATEMENT CONSISTING OF SIX PAGES. I HAVE INITIALED EACH PAGE AND EACH CORRECTION.

THIS STATEMENT IS TRUE AND CORRECT TO THE BEST OF MY RECOGNITION.

M. E. Clarke
8.28.73

Witnesses:

Robert T. Burley, SA, FBI, Elgin, Ohio 8/28/73
Michael T. Bartley, SA, F.B.I., Elgin, Ohio 8/28/73

5777

EXHIBIT No. 271-6

FOR INTER-DEPARTMENT AND INTER-YARD USE ONLY

THE AMERICAN SHIP BUILDING COMPANY

FROM

M. E. Clark, Jr.

DATE

September 26, 1973

TO

S. Lepkowski

Dear Stan;

Please deduct \$25.00 per pay check for the next 8 pay periods for a total of \$200.00.

The \$200.00 should be credited to the account of George M. Steinbrenner, III.

M. E. Clark, Jr.

MEC:dl

Form No. 38
Rev. (1 - 72)

PAYROLL CERTIFICATE FOR PERIOD ENDING 4-6-72

() Non-Exempt Payroll

-4321 \$

(X) Exempt Payroll SPECIAL

1-4331 \$ 25,000.00

A/C#	Deductions	
1-4251	For Withholding Taxes	\$ <u>7,145.00</u>
-4252	For F. I. C. A. Taxes	\$ <u> </u>
1-4253	For City Income Taxes	\$ <u>50.00</u>
2-4253	For City Income Taxes	\$ <u>100.00</u>
-4253	For City Income Taxes	\$ <u> </u>
1-4254	For State Income Taxes	\$ <u>115.00</u>
2-4254	For State Income Taxes	\$ <u>540.00</u>
-4254	For State Income Taxes	\$ <u> </u>
-4254	For State Income Taxes	\$ <u> </u>
-4261	For Union Dues	\$ <u> </u>
-4262	For U. S. Savings Bonds	\$ <u> </u>
-1223	For Advances	\$ <u> </u>
-4263	For United Appeal	\$ <u> </u>
-4263	For United Appeal	\$ <u> </u>
-4264	For Carnishees & Trusts	\$ <u> </u>
-4265	For Safety Clothing	\$ <u> </u>
-4266	For Profit Sharing Fund	\$ <u> </u>

Certified to be Correct:

Paula Padgett

Total Deductions

\$ 8,150.00

Net Payroll

\$ 16,850.00

Adjustments

\$ - 0 -

AMOUNT TO BE DEPOSITED

\$ 16,850.00

TO1

5779

SPECIAL

NO. 1 DAY 1 YEAR
76 72 PAY PERIOD
ENDING

EXEMPT

THE AMERICAN SHIP BUILDING CO.

PAYROLL REGISTER

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124
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The American Ship Building Co.

LORAIN, OHIO 44052

CLOCK NO.
0068

PAY TO THE ORDER OF

ROBERT L. DIBBLE

PAYROLL
ACCOUNTTHE CLEVELAND TRUST COMPANY
OFFICE #11
LORAIN, OHIO

PAY 3,350 DOLLARS **00 CENTS

42067

DATE		
MO.	DAY	YE.
04	06	72

CHECK AMOUNT
\$3,350.00

⑈042067⑈ ⑆0410⑈0068⑆ 40115⑈0569⑈ ⑈0000335000⑈

The American Ship Building Co.

LORAIN, OHIO 44052

CLOCK NO.
0062

PAY TO THE ORDER OF

ROY F. WALKER, JR.

PAYROLL
ACCOUNTTHE CLEVELAND TRUST COMPANY
OFFICE #11
LORAIN, OHIO

PAY 3,650 DOLLARS **00 CENTS

42068

DATE		
MO.	DAY	YE.
04	06	72

CHECK AMOUNT
\$3,650.00

⑈042068⑈ ⑆0410⑈0068⑆ 40115⑈0569⑈ ⑈0000365000⑈

The American Ship Building Co.

LORAIN, OHIO 44052

CLOCK NO.
0044

PAY TO THE ORDER OF

GORDON STAFFORD

PAYROLL
ACCOUNTTHE CLEVELAND TRUST COMPANY
OFFICE #11
LORAIN, OHIO

PAY 2,900 DOLLARS **00 CENTS

42069

DATE		
MO.	DAY	YE.
04	06	72

CHECK AMOUNT
\$2,900.00

⑈042069⑈ ⑆0410⑈0068⑆ 40115⑈0569⑈ ⑈0000290000⑈

The American Ship Building Co.

LORAIN, OHIO 44052

CLOCK NO.
0033

PAY TO THE ORDER OF

DANIEL A. KISSEL

PAYROLL
ACCOUNTTHE CLEVELAND TRUST COMPANY
OFFICE #11
LORAIN, OHIO

PAY 3,750 DOLLARS **00 CENTS

42070

DATE		
MO.	DAY	YE.
04	06	72

CHECK AMOUNT
\$3,750.00

⑈042070⑈ ⑆0410⑈0068⑆ 40115⑈0569⑈ ⑈0000375000⑈

The American Ship Building Co.

42071

CLOCK NO.
0196

LORAIN, OHIO 44052

DATE			6-68
MO.	DAY	YR	410
04	06	72	

PAY TO THE ORDER OF

MATTHEW E. CLARK, JR.

PAYROLL
ACCOUNT

PAY 3,700 DOLLARS **00 CENTS

CHECK AMOUNT
\$3,700.00

THE CLEVELAND TRUST COMPANY
OFFICE #11
LORAIN, OHIONOT VALID AFTER
30 DAYS

#042071# :04100068: 401150569# 0000370000#

The American Ship Building Co.

42072

CLOCK NO.
0055

LORAIN, OHIO 44052

DATE			6-68
MO.	DAY	YR	410
04	06	72	

PAY TO THE ORDER OF

IAN CUSHENAN

PAYROLL
ACCOUNT

PAY 2,800 DOLLARS **00 CENTS

CHECK AMOUNT
\$2,800.00

THE CLEVELAND TRUST COMPANY
OFFICE #11
LORAIN, OHIONOT VALID AFTER
30 DAYS

#042072# :04100068: 401150569# 0000280000#

The American Ship Building Co.

42073

CLOCK NO.
0139

LORAIN, OHIO 44052

DATE			6-68
MO.	DAY	YR	410
04	06	72	

PAY TO THE ORDER OF

ROBERT E. BARTLOME

PAYROLL
ACCOUNT

PAY 3,000 DOLLARS **00 CENTS

CHECK AMOUNT
\$3,000.00

THE CLEVELAND TRUST COMPANY
OFFICE #11
LORAIN, OHIONOT VALID AFTER
30 DAYS

#042073# :04100068: 401150569# 0000300000#

The American Ship Building Co.

42074

CLOCK NO.
0136

LORAIN, OHIO 44052

DATE			6-68
MO.	DAY	YR	410
04	06	72	

PAY TO THE ORDER OF

STANLEY J. LEPKOWSKI

PAYROLL
ACCOUNT

PAY 3,050 DOLLARS **00 CENTS

CHECK AMOUNT
\$3,050.00

THE CLEVELAND TRUST COMPANY
OFFICE #11
LORAIN, OHIONOT VALID AFTER
30 DAYS

#042074# :04100068: 401150569# 0000305000#

5783

EXHIBIT No. 271-8

9
10-31-73
H.E.H.

ROBERT OR JUANITA BARTLOME		1445
27 SUNRISE DRIVE AMHERST, OHIO 44001		
PAY TO THE ORDER OF	<i>Dedicated Americans for Effective Government</i>	<i>April 6, 1972</i> 56-606 412
<i>Three Thousand and no/100</i>		<i>3,000</i> 00
		DOLLARS
THE LORAIN COUNTY SAVINGS & TRUST CO. AMHERST OFFICE AMHERST, OHIO 44001		
<i>Robert E. Bartlome</i>		
MEMO		
⑆0412⑈0606⑆ 02 31096 1⑈ ⑈0000300000⑈		

calling

EXHIBIT NO. 271-9

THE AMERICAN SHIP BUILDING COMPANY

April 5, 1972

Ex. # 6
 10/30/73
 Sen. Del.
 Bartlome -
 E. Siegel

MEMO TO FILE:

Mr. George M. Steinbrenner III today determined that the AMSHIP Division had performed in an extraordinary manner and determined that the following receive the bonuses approved in the November 11, 1971 Board of Directors Meeting.

S. J. Lepkowski	\$5,000
R. E. Bartlome	\$5,000
Ian Cushenan	\$5,000
Daniel A. Kissel	\$5,000
Matthew Clark	\$5,000
Gordon Stafford	\$5,000
Roy F. Walker	\$5,000
Robert L. Dibble	\$5,000
A. David Baumhart	\$2,325

Robert E. Bartlome
 Secretary

ref

I have been employed by American Ship Building Company since 1965 to the present. I was originally employed as manager of systems and procedures and since 1968 I have held the position of corporate secretary.

at the beginning of my employment with American Ship Building my salary was somewhere between \$13,000.00 and \$14,000.00 and my current salary is \$27,500.00. I have had gradual increases since 1968, the latest increase was January 24, 1973 when my salary increased from \$26,300.00 to \$27,500.00.

In addition to my salary stated above I have also received bonuses since 1968 from American Ship Building Company averaging ^{per} _{year}

(2)

about \$5,000.00 per year. My bonus in 1972 amounted to \$7,500.00.

In connection with the bonus I received in 1972, I elected to take \$5,000.00 in 1972 and defer the \$2,500.00 balance until January 1973 for tax purposes.

Any bonus which I receive is less the city, state and federal taxes. I am in the 38% tax bracket.

In addition to salary and bonuses received from American Ship Building Company I also have stock options. Since 1965 I have ~~exercised~~ exercised my stock option of 451 shares at \$22.22 per share. I also have future stock option of 330 shares at \$11.62 per share and 1000 shares at \$23.50 per share, these options to expire in 1975 or 1976.

In addition to the above salary, bonus and stock option plans the only other fringe benefits I receive in connection with my employment are two weeks vacation per year and a pension plan which will give me \$6.25 per month per each years service.

In 1972 I recall making the following

(3)

political contributions;

In approximately February 1972 I purchased two tickets to the Senate Majority dinner in Washington, D.C. at \$1,000.00 per ticket. Neither I or my wife attended this dinner. In connection with these tickets I was solicited through the mail by an individual whose identity I can not recall. I mailed the check for the tickets to the address furnished me by the solicitor.

also in February 1972 I was solicited through the mail to purchase a ticket to the Democratic Campaign dinner in Washington, D.C. by an individual whom I presently recall may have been Senator Harris of Oklahoma. I purchased a ticket to this dinner and forwarded my check to the Washington address furnished by the solicitor. I also recall receiving a telephone call by someone employed by Senator Harris, possibly his secretary, to determine if I was going to attend the dinner, which I did not.

(4)

~~1972~~ In April of 1972 I made a ⁷\$3,000.00 contribution to one of the committees for the re-election of President Nixon. In connection with this contribution a group of eight or nine employees of American Ship Building Company had talked over the benefits that the passage of the Merchant Marine Act of 1970 brought to the employees of the maritime industry. We felt we wanted to contribute in some way to the re-election ~~of~~ President Nixon, so I personally asked Mr. Georg Steinbrener, Chairman and Chief Executive Officer of American Ship Building Company how to contribute. Mr. Steinbrener subsequently furnished me with a list of various committees to which contribution could be made for the re-election of President Nixon, and the addresses of the committees. When the group of eight or nine individuals mentioned above had prepared their checks for this purpose the checks were given to Mr. Ronald Slater, a public relations employee of American Ship Building Company who personally took these checks to Washington, D.C. and delivered them to ~~the~~

(5)

^{12/8} The committee to whom the checks were written.

In connection with any previous contributions to political campaigns from 1968 up to 1972 I can not recall at this time if I actually made contributions in 1968 or 1969 but it is possible I made contributions during those years. I do recall making political contributions in 1970 and 1971, but I do not recall the amounts of these contributions or to whom the contributions were paid. I do have all of my personal checking account cancelled checks dating back to 1968 and would be able to determine any such contribution by reviewing these checks.

I wish to state that all of the contributions that I have made to political campaigns from 1968 thru 1972 were made from my personal checking account and that the money deposited in my checking account for this purpose would have been from my personal earnings either through salary, bonuses or from deposits from my personal savings account. ^{12/8}

(b)

^{Feb} I wish to state that in connection with any political contributions I have made there have been no promises or representations made to me to induce the contributions, nor has any plan been made to me by anyone for any direct or indirect reimbursement to me in the amount of the contributions that I made. I further state that I was not coerced in any way by my employer to in any way participate in any political campaign contributions.

^{Feb} In connection with my personal financial status I wish to state that I own my residence outright and the present value of this residence is approximately \$35,000.00. I also began dealing in the stock market in 1965 and now have approximately \$50,000.00 to \$60,000.00 in stocks and mutual funds. The majority of my stock transactions have been handled through Mrs. Terri Franklin of Ocala, Florida.

In connection with the banks I have personally dealt with since January 1, 1972 to the present time, I wish to state a

(7)

Feb

follows:

I have a checking and savings account at the Lorain County Savings & Trust Company in Amherst, Ohio, the average balance would fluctuate between \$2,000.00 to \$4,000.00. I have a savings account at the Lorain National Bank on Rt. 68, Lorain County, Ohio and maintain an average balance of \$300.00 to \$500.00. I have a savings account at Citizens Savings in Amherst, Ohio where I maintain a balance of \$7,500.00 to \$8,000.00. I also have a safety deposit box at Citizens Savings in Amherst, Ohio which I have had for about two years.

In reference to line five of page four of this statement I would like to clarify the figure eight or nine contributors and state that as many as fifteen or twenty fellow employees may have discussed making contributions at various times.

I have read this statement consisting of this and six other pages. I have initialed each page and each correction. This statement is true and correct to the best of my recollection.

Witness:

Robert E. Brattome 9/23/73

Amberst, Burke Jr. Special Agent, F.B.I., Ellyria, Ohio 9/23/73

Michael T. Bartley, S.A., F.B.I., Ellyria, Ohio 8/23/73

EXHIBIT No. 271-11

County of Lorain)
State of Ohio)

AFFIDAVIT

My name is Ronald H. Slater. I am Corporate Vice President, Administration of The American Ship Building Company, Cleveland, Ohio. I live in North Olmsted, Ohio.


In April of 1972, my regular office was in the Investment Plaza Building in Cleveland, Ohio; however, I was on temporary assignment at The American Ship Building Company office in Lorain, Ohio for a period of about thirty days during March and April 1972. While on that temporary assignment, I had an office in The American Ship Building Company offices in Lorain. On April 6, 1972, Mr. Bartlome, Secretary of The American Ship Building Company, whose office was in the Lorain office building, came to me in the morning and asked if I would be willing to take an envelope to Washington, D.C. I replied that I would be glad to. Later that morning Mr. Bartlome again came to my office and handed me a sealed envelope and a piece of paper on which were the address and name of a gentleman to whom I was to deliver the envelope. I did not know the contents of the envelope, as Mr. Bartlome did not tell me what was in the envelope.

I flew to Washington, D.C. on a Commercial Airline arriving about 12:15 p.m. April 6, 1972. I went to the address to which I was to deliver the envelope and asked for the gentleman I was to see. He was not there. I waited approximately one-half hour and then gave a lady in that office the envelope. I had identified myself and she seemed to know about the matter. I left and returned to my home, again flying by Commercial Airline.

On April 7, 1972, I went to my office in the Lorain office building and advised Mr. Bartlome that the gentleman to whom I was to deliver the envelope had not been there and that I had left the envelope with a lady in that office. While in Mr. Bartlome's office that morning, Mr. Bartlome called Washington and talked to the gentleman to whom I was to deliver the envelope and that gentleman told him that everything was in order.

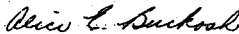
Page 2 - continued

I do not recall the name of the gentleman to whom I was to deliver the envelope; however, when I was in Washington, D. C. on September 15, 1973 in response to the subpoena issued by the Special Prosecutor's Office, I walked the downtown Washington area with an attorney who is in the law firm I had consulted. I recognized the building to which I had gone on April 6, 1972. The address of that building is 1701 Pennsylvania Avenue, Northwest. I went to the second floor of that building and to the door of that office I had entered on April 6, 1972 to deliver the envelope. It was the office of Re-Elect Nixon Committee.



Ronald H. Slater

Subscribed and sworn to before me, A Notary Public in and for the State,
County, and City aforesaid, this 10th day of November, 1973.



Notary Public

ALICE E. BUCKOSH
Notary Public For Lorain County
My Commission Expires Mar. 27, 1975

LONG DISTANCE TELEPHONE CALLS

CAUGADE A2-C2358

DATE 19 22	CITY CALLED	AREA CODE	FIRM CALLED	PERSON ASKED FOR	PERSON CALLING	Time Placed	Time Elapsed	Time Elapsed	Time Elapsed	MARKS	DATE PAID
✓	Wash. D.C.	202	333-0920	Calvin	James	2:51	✓				0
✓	Wash. D.C.	202	333-0920	Calvin	Porter	3:05	✓				
✓	Wash. D.C.	202	346-1460		Leans	3:57	✓				
✓	Chi	312	346-1460		Reverie	3:57	✓				
✓	Chi	312	764-2200		Malon	3:21	✓				
✓	Chi	312	764-2200	2647							

EXHIBIT NO. 271-12

5794

EXHIBIT No. 272-1

STATEMENT OF
CABLE TRANSFER SOLD
TERMS: CASH OR CERTIFIED CHECK

FIRST NATIONAL CITY BANK
INTERNATIONAL MONEY TRANSFER OPERATION
MAIL-CABLE TRANSFER DEPARTMENT
111 WALL STREET, NEW YORK, N. Y. 10015

A 735594

BROKER

28x261-P5

PAY

OUR IRA NO. 0497 735594

NOTIFY AND PAY MR WILLIAM R SEATON, VICE CHAIRMAN,
ASHLAND OIL INC. WHO WILL IDENTIFY HIMSELF WITH
PASSPORT NO. A 120024 MONDAY, MARCH 27, 72. IN CASH OR
CASHIERS CHECK AT HIS DISPOSITION

* PLEASE REMIT
BALANCE DUE OF

DATE	AMOUNT	RATE
3/24/72	\$100,000.00	

\$100,000.00

DOLLAR EQUIVALENT

FIRST NATIONAL CITY BANK

10992066

P.O. BOX 520

GENEVA 3, SWITZERLAND

ATTN. TIPTON S. BLISH OR JINGO

THRONISSE (CORPORATE BANK DIV.)

IRA 0497 735594

ASHLAND OIL & REFINING COMPANY
GENERAL ACCOUNT
TREASURY DEPARTMENT
P.O. BOX 391

00022074

ACCOUNT NUMBER

We reimburse ourselves as you directed

C 3/424

\$2.95

VALUE DATE

CABLE CHARGE

COMM.

\$100,002.95

TOTAL

YOUR REF.

*BALANCE DUE

It is understood that this transaction is subject to the conditions in which
are referred to as the "APPLICANT" specified on the reverse h

ANY INQUIRY RELATIVE TO THIS TRANSACTION SHOULD BE ADDRESSED TO
FIRST NATIONAL CITY BANK, INVESTIGATION CONTROL DEPT., 111 WALL ST.,
N. Y. N. Y. 10015. PLEASE INCLUDE A COPY OF THIS ADVISE WITH YOUR
INQUIRY WHEN POSSIBLE, OR GIVE ALL DETAILS INCLUDING THIS NAME.

EXHIBIT NO. 272-2

ROBERT W. GRANT (1911-1967)

THOMAS SEARNS JACKSON

JOHN L. LARSEN

ARTHUR C. FISHER

W. DONALD J. STER

KENNETH WELLS PARKINSON

THOMAS PERFIELD JACKSON

ARTHUR C. FISHER, JR.

JAMES P. SCHALLER

NORRIS H. HIGHTLEY

WILLIAM E. LAUTER

DAVID W. BULLIVANT

JAMES E. BRADY

PATRICIA B. GUNNE

JOHN S. WILCOX

HOWARD S. MCCONVILLE

RESIDENT IN MARYLAND

LAW OFFICES

JACKSON, LASKEY & PARKINSON

1818 L STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE 466-8830

AREA CODE 202

ONE HUNDRED FIFTY
MONTGOMERY, MARYLAND 20850
301-240-1260

981261-76

July 9, 1973

Mr. and Mrs. Orin E. Atkins
602 Amanda Drive
Ashland, Kentucky 41101

Dear Mr. and Mrs. Atkins:

I am writing you in my capacity as Counsel for the Finance Committee to Re-Elect the President.

Our information is that you delivered contributions in cash to the Finance Committee for the Re-Election of the President prior to April 7, 1972, in the total amount of \$100,000. You have recently informed the Committee that this represents contributions by the following persons:

Mr. and Mrs. Orin E. Atkins	\$100,000
602 Amanda Drive	
Ashland, Kentucky	

It now appears that the Committee may be required shortly to disclose the names of all of its contributors prior to April 7, 1972, or that such information may become public as a result of pending investigations and court actions. Because provisions of law which may be applicable require that the names of contributors and amounts be accurately recorded and reported, the Committee feels it is desirable to confirm its present information.

If the information given is correct, I ask that you confirm it by signing the attached copy of this letter and sending it back to me. If it is not correct I would appreciate any proper data that you can give me.

If we do not hear from you within ten days, we shall act on this basis of the facts noted above.

Very truly yours,

Kenneth Wells Parkinson
Kenneth Wells Parkinson

Enclosures

EXHIBIT No. 272-3

July 16, 1973

Honorable Mauricio H. Stans
c/o Robert W. Barker, Esquire
Wilkinson, Cragun & Barker
1735 New York Avenue, N. W.
Washington, D. C. 20006

Dear Mr. Stans:

This will acknowledge the letter of Kenneth Wells Parkinson, dated July 9, 1973, to Mr. and Mrs. Orin E. Atkins concerning a cash political contribution made to the Finance Committee for the Reelection of the President prior to April 7, 1972, in the amount of \$100,000.

The information contained in that letter is incorrect. As counsel for Mr. Orin E. Atkins and Ashland Petroleum Gabon Corporation, I have made inquiries and have been advised that the above contribution, apparently recorded in the names of Mr. and Mrs. Atkins, was in fact made by Ashland Petroleum Gabon Corporation. Accordingly, because of these circumstances, we hereby request that the Finance Committee refund this amount to the corporation.

This will acknowledge that my inquiries have also revealed that the Finance Committee was not informed and had no way of knowing that this contribution originated from a corporate source.

Sincerely,

Fred M. Vinson, Jr.

PMV:mfc

EXHIBIT NO. 272-4

FINANCE COMMITTEE TO RE-ELECT THE PRESIDENT

1701 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D. C. 20006 • (202) 333-8240

July 16, 1973

CLERK:
MAURICE H. STANS
TREASURER:
PAUL E. BARRICK

Fred M. Vinson, Jr., Esq.
800 17th Street, N.W.
Washington, D.C. 20006

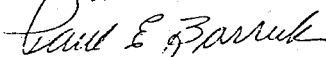
Dear Mr. Vinson:

This is to acknowledge receipt of your letter of July 16, 1973, to The Honorable Maurice H. Stans, Chairman of this Committee.

Your statement that the Finance Committee was not informed and had no way of knowing that this contribution originated from a corporate source is entirely correct. The Committee had no idea that \$100,000.00 coming from Mr. and Mrs. Orin Atkins in any respect constituted a contribution out of corporate funds.

Under the circumstances, this Committee hereby returns the contribution which you now say constituted corporate funds. I therefore enclose check number 24947, dated July 16, 1973, payable to Ashland Petroleum Gabon Corporation in the amount of \$100,000.00.

Sincerely,



Paul E. Barrick
Treasurer

Enclosure

FINANCE COMMITTEE TO RE-ELECT THE PRESIDENT
1701 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006

24941

PAID
The First National Bank of Washington

DATE July 16 1972

154/540

Pay to the order of

Dehland Petroleum Corporation \$100,000.00

One hundred thousand and no/100 — DOLLARS



WASHINGTON'S OLDEST NATIONAL BANK
THE FIRST NATIONAL BANK
OF WASHINGTON
WASHINGTON, D. C.

Paul E. Zarnik

⑆0540⑆0004⑆

⑈026 407 5⑈

⑈0010000000⑈

MADE IN U.S.A.

CK No. 15215

Dehland

67

Dehland Line

5799

EXHIBIT No. 272-5

July 26, 1973

Mr. Orin E. Atkins, Chairman of
the Board & Chief Executive
Ashland Oil Company Inc.
Ashland, Kentucky 41101

Dear Mr. Atkins:

Please accept my commendation for your recent action in acknowledging that \$100,000 in corporate funds of the Ashland Oil Co., Inc. were illegally contributed to the Finance Committee to Reelect the President. I respect your honesty in this matter.

However, as a stockholder of Ashland Oil I believe I have the right to criticize your action in making this contribution and for improper use of corporate funds. No matter how small by comparison my 66 shares of stock may be I also believe I have the right to ask certain questions regarding this entire matter.

1) If press reports are correct to the effect that the contribution was made without the knowledge of the Board of Directors, who was chiefly responsible for the decision?

2) Does the chairman of the board and chief executive officer customarily have the authority to authorize the expenditure of \$100,000 in corporate funds without Board approval?

3) How were these funds transferred from corporate accounts to your private control allowing you and your wife to be listed as donors? And, have the funds been returned to corporate accounts?

4) Are corporate funds now being spent to retain legal counsel in this matter or will they be spent in the future?

5) If, as indicated, you may be spared prosecution (and I sincerely hope that you are) but the corporation may not, will corporate funds be used for legal counsel?

Mr. Orin E. Atkins

-2-

July 26, 1973

6) What assurance can you offer that such illegal expenditures of corporate funds will not be repeated in the future for support or promotion of either political party or individual candidates?

7) Will this entire matter be aired at the next annual meeting of stockholders?

Your answers to these questions would be greatly appreciated.

Cordially,



ASHLAND OIL, INC. • POST OFFICE BOX 291 • ASHLAND, KENTUCKY • 41101 • PHONE (606) 329-3333

July 28, 1973

ORIN E. ATKINS
Chairman and Chief Executive Officer

Mr. George R. Berdes
6025 Berkshire Drive
Bethesda, Maryland

Dear Mr. Berdes:

It is not easy to respond to your letter of July 26, 1973.

It is indeed regrettable that the contribution in question was made.

We recognized this fact and voluntarily went to the Cox Committee. We hope that by coming forward when we did we can stimulate some meaningful reforms in the area of campaign contributions.

To specifically answer the question raised in your letter, while the contribution was discussed among a number of us, I have to assume the responsibility for the decision.

I was not aware that the contribution was listed in my name. In fact, the manner in which it was listed was apparently the result of being included on some list at the White House -- perhaps a Christmas card list -- with some amount listed beside my name.

There was a good business reason for making the contribution and, although illegal in nature, I am confident that it distinctively benefited the corporation and the stockholders.

A number of questions raised by you, unfortunately, cannot be specifically answered at this time.

Your letter will be brought to the attention of the Board of Directors.

Cordially yours,

A handwritten signature of Orin E. Atkins in dark ink.

Orin E. Atkins

OEA:pkg

EXHIBIT No. 273-1

ROBERT M. GRAY (1908-1967)

THOMAS DEARING JACKSON *

JOHN L. LASKEY *

ARTHUR C. ELDON *

H. DONALD HESTER

KATHLEEN WELLS PARKINSON

THOMAS PENFIELD JACKSON *

ARTHUR C. ELDON, JR. *

JAMES P. SCHALLER

EARL W. WICKLEF

HERMAN C. LAUTEN

DIANE M. SULLIVAN

JAMES C. THAMMER

PATRICIA D. GURNE

JOHN S. MILES

NICHOLAS S. MCCONNELL

* ADMITTED IN MARYLAND

LAW OFFICES

JACKSON, LASKEY & PARKINSON

1828 L STREET, N.W.

WASHINGTON, D.C. 20036

TELEPHONE 468-6830

AREA CODE 202

444 HUNGERFORD DRIVE
ROCKVILLE, MARYLAND 20850
301-340-0450

July 9, 1973

Mr. Claude Wild
5716 Bent Branch Road
Bethesda, Maryland

Dear Mr. Wild:

I am writing you in my capacity as Counsel for the Finance Committee to Re-Elect the President.

Our information is that you delivered contributions in cash to the Finance Committee for the Re-Election of the President prior to April 7, 1972, in the total amount of \$100,000. You have recently informed the Committee that this represents contributions by the following persons:

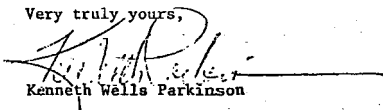
Employees of Gulf Oil Company	\$100,000
Mr. and Mrs. Claude C. Wild, Jr.	
1025 Connecticut Avenue, N.W.	
Washington, D.C. 20036	

It now appears that the Committee may be required shortly to disclose the names of all of its contributors prior to April 7, 1972, or that such information may become public as a result of pending investigations and court actions. Because provisions of law which may be applicable require that the names of contributors and amounts be accurately recorded and reported, the Committee feels it is desirable to confirm its present information.

If the information given is correct, I ask that you confirm it by signing the attached copy of this letter and sending it back to me. If it is not correct, I would appreciate any proper data that you can give me.

If we do not hear from you within ten days, we shall act on this basis of the facts noted above.

Very truly yours,


Kenneth Wells Parkinson

Enclosures

EXHIBIT No. 273-2

ECKERT, SEAMANS, CHERIN & MELLOTT
ATTORNEYS AT LAW

WILLIAM M. ECKERT
FRANK L. SEAMANS
CARL CHERIN
HALTON W. LANPROLOS
CLOYD R. MELLOTT
W. GREGG KERR
RODRICK G. NORRIS
JOHN H. MORGAN
CARL F. BARBER
EDWARD J. GREENE
DONALD C. WINSON
ROBERT C. MCCARTNEY
WILLIAM B. MALLIN
BARTON Z. COWAN
EDWIN L. KLETT
THOMAS D. WRIGHT
C. ARTHUR WILSON, JR.
C. KENT MAY
WM. ALVAN STEWART, III
DALE S. WILLIAMS
EDWARD G. O'CONNOR
DALE HEADNEY

ROBERT W. DOTY
ROBERT P. LAWRY
J. GARY KOSINSKI
ROBERT A. TATE
DAVID B. WARD
JOHN R. KENRICK
ROBERT B. WILLIAMS
WILLIS A. SIEGFRIED, JR.
STEWART R. SHOODGRASS, JR.
JAMES B. CURTIN
DAVID E. TUNGATE
RICHARD W. GLADSTONE, II
DAVID L. FARMER
ROBERT F. BARBAROWICZ
G. RICHARD GOLD
WILLIAM R. HUERNBERG
RAY C. STONER
G. ROBERT MOORE
KENNETH B. PETERSON
J. W. MONTGOMERY, III
DANIEL A. TOOLE
PETER C. BADGERMAN

FORTY-SECOND FLOOR
800 GRANT STREET
PITTSBURGH, PA. 15219

(412) 566.6000

TELEX - 966172

COUNSEL
WILLIAM WATSON SMITH
1871-1954

LEON E. HICKMAN

July 26, 1973

Kenneth Wells Parkinson, Esq.
Jackson, Laskey & Parkinson
1828 L Street, N. W.
Washington, D. C. 20036

Dear Mr. Parkinson:

As attorneys for Gulf Oil Corporation, we are writing to you in your capacity as Counsel for the Finance Committee to Re-Elect the President. It has recently come to our attention that during the period of 1971 and early 1972 two separate contributions of \$50,000 each were made from Gulf's funds by Claude C. Wild, Jr., Vice President - Governmental Relations of Gulf Oil Corporation, to the Committee to Re-Elect the President.

Our investigation does not disclose that Mr. Wild advised the Committee to Re-Elect the President with respect to the source of the funds. It is unfortunate that these contributions were made but, in view of the fact that they were made from Gulf's funds, we have no alternative but to request that those funds be returned to Gulf Oil Corporation immediately.

Kenneth Wells Parkinson, Esq.

July 26, 1973

Page 2

We would appreciate your early response to
this request.

Very truly yours,

ECKERT, SEAMANS, CHERIN & MELLOTT

By *Cloyd R. Mellott*

CRM:BB

EXHIBIT No. 273-3

FINANCE COMMITTEE TO RE-ELECT THE PRESIDENT

1701 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D. C. 20005 • (202) 523-0200

CHAIRMAN:
MAURICE H. STARS
TREASURER:
PAUL E. BARRICK

July 26, 1973

Mr. Cloyd R. Mellott, Esq.
Eckert, Seamans, Cherin & Mellott
600 Grant Street
Pittsburgh, Pa. 15219

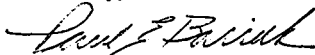
Dear Mr. Mellott:

This is to acknowledge receipt of your letter of July 26, 1973 to Mr. Kenneth Wells Parkinson.

Your statement that the Finance Committee was not informed and had no way of knowing that this contribution originated from a corporate source is entirely correct. The Committee had no idea that \$100,000.00 coming from employees of Gulf Oil Company - Mr. and Mrs. Claude C. Wild, Jr. in any respect constituted a contribution out of corporate funds.

Under the circumstances, this Committee hereby returns the contribution which you now say constituted corporate funds. I therefore enclose check number 24998, dated July 26, 1973, payable to Gulf Oil Corporation in the amount of \$100,000.00

Sincerely,



Paul E. Barrick
Treasurer

PEB:lu
Enclosure

5807

FINANCE COMMITTEE
TO RE-ELECT THE PRESIDENT
1701 PENNSYLVANIA AVENUE, N. W.
SUITE 272
WASHINGTON, D. C. 20006

No. 24998

PAY TO THE
ORDER OF

Gulf Oil Corporation

July 26 1973 ¹⁵⁻⁴
540

\$100,000.00

One Hundred thousand and no/100

DOLLARS

FOR



WASHINGTON'S OLDEST NATIONAL BANK
THE FIRST NATIONAL BANK
OF WASHINGTON
WASHINGTON, D. C.

Paul E. Frank

⑈0540⑈0004⑈

⑈026 407 5⑈

EXHIBIT No. 273-4

GULF NEWS, GULF OIL CORP.,
Pittsburgh, Pa., August 10, 1973.

Contact: Paul Sheldon
For Immediate Release

Gulf Oil Corporation announced today that the Company contributed \$100,000 to The Finance Committee To Re-Elect The President.

This money was given without either the knowledge or approval of the Gulf Board of Directors. At the request of the Company, The Finance Committee To Re-Elect The President has returned the money.

In commenting on this action, B. R. Dorsey, Chairman of the Board of Gulf Oil Corporation, said, "We have furnished this information to Special Prosecutor Archibald Cox voluntarily, and we have assured his office of our willingness to cooperate fully.

"These contributions were made in response to persistent requests to Gulf's Washington representative, Claude C. Wild, Jr., from representatives of The Finance Committee To Re-Elect The President. The Company was not seeking any special favors and did not have any corporate activity under Government scrutiny.

"There was enormous pressure in the political system, and the fact that others apparently also yielded is evidence of this. This pressure was intense, and at the time it was thought to be irresistible by our Washington representative. Nevertheless, the pressure should have been resisted, whatever the consequences.

"We are determined that no one at Gulf shall ever engage in this kind of activity again, and we have taken the necessary measures to see that they do not."

WASHINGTON (UPI).—A vice president of the Gulf Oil Corp. gave President Nixon's re-election campaign \$100,000 in corporate funds and the Finance Committee to Re-Elect the President has sent the money back, it was announced Friday.

The committee, in disclosing the two contributions of \$50,000 each, denied knowing they had come from corporate funds. Gulf board chairman B. R. Dorsey said the money was given "in response to persistent requests" and "enormous pressure" from Nixon campaign representatives.

The donations were revealed in copies of letters exchanged between the committee's treasurer, Paul E. Barrick, and Cloyd R. Mellott, a Pittsburgh lawyer representing Gulf. The letters did not make clear whether the contributions were solicited before they were made by Claude C. Wild, Jr., a Gulf vice president stationed in the company's Washington office.

Gulf was the third corporation to announce that one of its executives had used company funds to help finance the Nixon campaign and brought the known total to \$255,000.

Federal law forbids use of corporate funds for political contributions and a new Federal grand jury is scheduled Monday to begin investigating campaign fund-raising done in the President's behalf.

In his letter, dated July 26, Mellott said: "It has recently come to our attention that during the period of 1971 and early 1972, two separate contributions of \$50,000 each were made from Gulf's funds by Claude C. Wild, Jr., vice president—governmental relations of Gulf Oil Corp., to the Committee to Re-elect the President."

Wild, presumably a Washington lobbyist for Gulf, could not be reached immediately. A spokesman for the company's Washington office said Wild was "on vacation with his family in the Southwest."

Mellott said he did not know if Wild told the Nixon committee about the source of the funds and a spokesman for the committee, Devan J. Shumway, said "The correspondence clearly shows that the finance committee had no knowledge that corporate funds were involved until recently advised by the company."

The letter from Barrick, the Finance Committee treasurer, said the check came from "Employees of Gulf Oil Co.—Mr. and Mrs. Claude C. Wild Jr."

The board chairmen of American Airlines and Ashland Oil, Inc., have told Special Watergate Prosecutor Archibald Cox that they gave \$55,000 and \$100,000

respectively in company funds to the Finance Committee To Re-Elect the President.

Sources in Cox's office said Thursday that "several more" company executives have told him that they donated corporate funds, but that the officials would not be named immediately unless they identified themselves publicly.

Dorsey said Gulf had advised Cox of the contributions which became known Friday and would "cooperate fully" with the Special Prosecutor's office.

Cox has urged any corporate officials who may have made similar contributions to disclose them voluntarily. He said such cooperation might be considered "mitigating circumstances" in deciding if and what charges should be brought against them.

In his statement, which was issued at the company's Pittsburgh office, Dorsey said the contributions were made "in response to persistent requests to Gulf's Washington representative from representatives of the Finance Committee To Re-Elect the President."

"The company," Dorsey said, "was not seeking any special favors and did not have any corporate activity under Government scrutiny."

"There was enormous pressure in the political system, and the fact that others apparently also yielded is evidence of this," he said. "This pressure was intense and at the time it was thought to be irresistible by our Washington representative."

"Nevertheless," he said, "this pressure should have been resisted whatever the consequences." Dorsey did not explain what he meant by consequences.

PITTSBURGH (AP).—Gulf Oil Corp. said Friday that in response to intense political pressure, it contributed \$100,000 to President Nixon's 1972 reelection campaign.

Federal law prohibits corporations from making direct political contributions. Gulf made its announcement in a one-page statement, and company spokesmen refused to comment beyond the statement.

The company did not say who authorized the contribution, nor did it define the nature of the political pressure.

"I just cannot go beyond the statement," said Paul Sheldon, chief of public relations for Gulf. "That is as specific as I can be."

The statement said Gulf donated its contribution through the Finance Committee to Re-Elect the President.

At its own request, Gulf said, the money had been returned. In addition, the company said the matter was being investigated by special prosecutor Archibald Cox, in charge of the federal probe of the 1972 presidential campaign.

The donation was made at a time when there was growing concern over oil imports, the controversial Alaska pipeline and the possibility of an energy shortage, but Gulf said specifically that it "was not seeking any special favors and did not have any corporate activity under government scrutiny."

Gulf said its contribution was made "in response to persistent requests to Gulf's Washington representative, Claude C. Wild Jr., from representatives of the Finance Committee to Reelect the President."

The finance committee representatives were not further identified.

"There was enormous pressure in the political system and the fact that others apparently also yielded is evidence of this," Gulf continued.

"This pressure was intense, and at the time it was thought to be irresistible by our Washington representative."

Gulf said the contribution was made "without either the knowledge or approval of the Gulf board of directors."

But the firm did not say who granted approval for the donation, nor did it discuss the manner in which the contribution came to light.

Gulf said it had taken measures to see that the company makes no future political donations, but did not specify the nature of the measures.

In Washington, a spokesman for Cox said that several other firms have voluntarily notified the prosecutor they had made illegal contributions.

He declined to name any of the firms or say how many had come forth.

The spokesman said that Cox's position that voluntary disclosure would be considered a mitigating circumstance by the prosecutors had not changed.

But, he added, "The investigation is going forward and if corporate officers decide to disclose illegal contributions only after the investigation focuses on their firm, one might question how voluntary the disclosure was."

5810

EXHIBIT No. 274-1

BRANIFF INTERNATIONAL
BRANIFF INTERNATIONAL

FIRST
NATIONAL
BANK
IN DALLAS
DALLAS, TEXAS

PAY

\$ 40,000.00

TO Camfab Company

DATE MAR 29 1972

BRANIFF AIRWAYS, INCORPORATED

NON-NEGOTIABLE

BRANIFF AIRWAYS, INCORPORATED • REMITTANCE ADVICE

083750

Advance for Expenses & Services

*Received
3-28-72*

BRANIFF INTERNATIONAL

DATE

TO

ACTION DESIRED
ON OR BEFORE

For Your

Please

☐ INFORMATION ☐ APPROVAL
☐ COMMENTS ☐ SIGNATURE

RETURN
☐

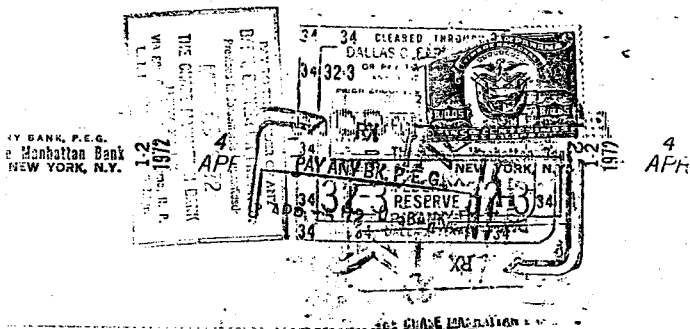
☐ HANDLE ☐ AS REQUESTED
☐ FILE ☐ AS DISCUSSED

40,000-

CAMFAB CO.

*advance for expenses and
services*

EXHIBIT No. 274-2



BRANIFF INTERNATIONAL

**FIRST
NATIONAL
BANK
IN DALLAS
DALLAS, TEXAS**

PAY

MAR 29 '72

40000 Ave 250 cis

\$ 40,000.00

TO Camfab Company

32-1
FBI - NATIONAL BUREAU OF INVESTIGATION
DATE: March 28, 1972
APR 6 1972
Raymond C. Butler
BRANIFF AIRWAYS, INCORP
DALLAS TEXAS

#083750# 1:1110-0001: 00 0026 50

'0004000000'

5813

EXHIBIT No. 274-3

BRANIFF INTERNATIONAL

EXCHANGE PARK, DALLAS, TEXAS 75235

CASH ACCOUNTING REPORT

MAIL TO: CASHIER, STA A-101-DAL

DATE 12-27-72

LOCATION DAL TREAS

NO. 942533

				101022		CR
				101022		CR
				101022		CR
TICKETS BY MAIL REPORT			4 8 0 0 0	124038		CR
AIR FREIGHT COLLECTIONS						
				101024		CR
AIR FREIGHT COLLECTIONS (EXCEPT AIR FREIGHT)						
				216080		CR
				216030		CR
IATA AIR FREIGHT AGENCY COLLECTIONS				101024		CR
YOUTH IDENTIFICATION CARDS NOS. THRU						
				311993		CR
SALE OF KENNELS				461610		CR
SALE OF FLIGHT BAGS				555309		CR
STATE SALES TAX				204063		CR
SALE OF LIQUOR (IN FLIGHT)				461010		CR
BIC CLUB LIQUOR SALES				481817		CR
OVERAGE CR. - (SHORTAGE) DR & NET AMOUNT				7106		
ACCOUNTS RECEIVABLE - CLEARANCE				128052		CR
SEE ATTACHED LIST						CR See Attached List
REBRO CHECKS ONLY						
Last Name	First Name or Initial			4 5 0 0 4	124025	CR
				4 5 0 0 4	124025	CR
BANKING						
BANK DEPOSIT MUST EQUAL THIS TOTAL			SEE LIST	101010		DR 81,679 6

DEPOSIT HAS BEEN MADE ON THE

DATE AND IN THE AMOUNT

INDICATED ABOVE

STAPLE DUPLICATE COPY OF BANK DEPOSIT HERE

(Cashier's copy on)

SIGNATURE OF MANAGER OR ASSISTANT

CASH RECEIPT ITEM DISTRIBUTION

DETAIL

NO. 942538

DATE December 27 1972

DESCRIPTION	Invoice No.	Check, Bank or Class	ACCOUNT NO.		Acct. Code	Control Point	Doc. Code	DEBIT		CREDIT	
			FUN	OBJECT							
			710	1010				14,031	56		
			710	1010				19,203	38		
Collection Item			710	1010				74	00		
"			710	1010				282	06		
"			710	1010				145	00		
"			710	1010				182	00		
"			710	1010				160	00		
"			710	1010				5,000	00		
"			710	1010				6	00		
"			710	1010				100	00		
"			710	1010				60	00		
"			710	1010				86	00		
"			710	1010				508	00		
"			710	1010				25	00		
"			710	1010				78	00		
"			710	1010				49	00		
Campbell	88888	00168	128	013						*40,000	00
Collection Item			710	1010				240	00		
Consulado del Brasil		95569	124	500						240	00
Collection Item			710	1010				107	00		
International Air Transport Assoc.	39007	00400	128	013						107	00
Collection Item			710	1010				30,250	00		
Lam. Chile	60006	82823	128	012						30,250	00
Collection Item			710	1010				10,753	14		
Dimas Vilula - Mexico	10092	44714	124	014						10,753	14
Collection Item			710	1010				330	53		
Two persons International	15622	82445	128	013						330	53
								81,679	67	81,679	67

FIRST NATIONAL BANK IN DALLAS
DALLAS, TEXAS
CHECKS AND OTHER ITEMS ARE RECEIVED FOR
DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS
OF THIS BANK'S COLLECTION AGREEMENT
NOW IN EFFECT

IF YOU ARE BANKING BY MAIL PLEASE REFER
TO INSTRUCTIONS ON MAIL TELLER ENVELOP

BRANIFF AIRWAYS, INC.
GENERAL ACCOUNT #7

14,021,56

DATE December 27, 1972

3+ Attached List	71,021	56
CURRENCY		
COIN\$		
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS	TOTAL DEPOSIT 71,021	56

0000 0026 50

١٥٠٧

100.00
343.00
40.00
292.90
226.66
13,000.00
14,021.56

The First National Bank of Miami
90 South Biscayne Boulevard, Miami, Florida

Dec 7 72 NO 19

TO THE ORDER OF Brenitt International 100

One hundred

VARO, RUIZ
LIETTE, RUIZ

00582 1-33-980 40

1:00 00 26 51

IF YOU ARE BANKING BY MAIL PLEASE RE
TO INSTRUCTING ON MAIL TELLER ENVEL

19.203.38

DATE: December 27, 1972

CURRENCY	15,273	00
COINS		38
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS	TOTAL DEPOSIT	19,203 38

RETURN THE RECEIPT WITH PAYMENT

PAID FROM	Consulado General de Colombia	Balboas
drawn on	Primer Banco de Ahorros, Panama	for collection, for \$ 74.00
drawn on		for \$
drawn on		for \$
drawn on		for \$

Subject to the terms and conditions stated on reverse side hereof.
 Use return acknowledgment to Braniff Airways, Inc.
 O. Box 35001 Cash Control A-101
 Dallas, Texas, Dec. 27, 19 72

FIRST NATIONAL BANK IN DALLAS

By _____



primer banco de ahorros

Banco Nacional de Ahorros y Previsión S. A. - PANAMA

No. 05

Aguese a

orden de

alboas o

ólares

E. U. A.

Cta. 01-380

(RET.)

CONSULADO GENERAL de COLOMBIA

November 14, 19 72

Bl. 74

ED FROM Dilia Samudio de Costner

Balboas

for collection,

drawn on Bank of London & Montreal Limited, Panama

for \$ 282.06

drawn on for \$

drawn on for \$

drawn on for \$

Subject to the terms and conditions stated on reverse side hereof.
 use return acknowledgment to Braniff Airways, Inc.
 O. Box 35001 Cash Control A-101

FIRST NATIONAL BANK IN DALLAS

Dallas, Texas, Dec. 27, 19 72

By _____

Bank of London & Montreal Limited

PANAMA, R. P.

No. X 131092

November 16, 19 72

Braniff International

Diezientos ochenta y dos 06/100

B/L 282 06
U.S. \$ 282 100

BALBOAS

C DOLARES MONEDA LEGAL DE EST. UN. DE AMERICA

Dilia de Costner

Sra. Dilia Samudio de Costner

Apartado 8223

RECEIVED FROM Carlos E. Ferro Balboas
 drawn on The Chase Manhattan Bank, Panama for collection, for \$ 165.00
 RECEIVED FROM Instituto Cooperativo Interamericano for \$
 drawn on The Chase Manhattan Bank, Panama for \$ 182.00
 drawn on for \$

Subject to the terms and conditions stated on reverse side hereof.
 Please return acknowledgment to Braniff Airways, Inc.
 O. Box 35001 Cash Control A-101
 Dallas, Texas, Date, 27, 19 72 By

FIRST NATIONAL BANK IN DALLAS

Carlos E. Ferro
 CARISA M. FERRO-1551-016675
 Pague a la orden de Braniff
 CIENTO SESENTA CINCO con 00/100 centavos
 \$165.00
 No. 57
 8 Nov. 1972
 THE CHASE MANHATTAN BANK
 National Association
 Sucursal Colon, Colon, E. de P.
 Moneda legal de EE. UU. de America
 C. E. Ferro

767 1 000649
 INSTITUTO COOPERATIVO INTERAMERICANO
 No. 395
 Pague a la orden de Braniff Int. \$182.00
 Ciento ochenta y dos 00/100 Dólares
 8 Nov. 1972
 THE CHASE MANHATTAN BANK
 National Association
 Sucursal Colon, Colon, E. de P.
 Moneda legal de EE. UU. de America
 C. E. Ferro

PAID FROM Peter Harderdrawn on Banco Nacional de Panama, Panama

for collection

for \$ 160.00

RECEIVED FROM

~~drawn on~~ Federacion Nacional de Esgrima

for \$

drawn on Banco Nacional de Panama, Panamafor \$ 5,000.00

drawn on

for \$

Subject to the terms and conditions stated on reverse side hereof.
 Cash return acknowledgment to Braniff Airways, Inc.
 O. Box 35001 Cash Control A-201

FIRST NATIONAL BANK IN DALLAS

Dallas, Texas, Dec. 27, 1972

By _____

Nov 17 1972

BANCO NACIONAL DE PANAMA
 PANAMA, R. DE P.

PAGUESE A LA
 ORDEN DE Braniff International BI 16000

Cientos sesenta

CHEQUE NO. 190 5 - PETER HARDER 02 - 800

Peter Harder

IMP. CERVANTES

☒ BALBOAS
☐ DOLARES

16 Oct 1972

BANCO NACIONAL DE PANAMA
 PANAMA, R. DE P.

PAGUESE A LA
 ORDEN DE Braniff International BI 500000

Cinco mil con 00/100

CHEQUE NO. 156 1 - FEDERACION NACIONAL DE ESGRIMA

Peter Harder

IMP. CERVANTES

☒ BALBOAS
☐ DOLARES

RETURN THE RECEIPT WHEN ASKING REPORT ON ITEM

RECEIVED FROM	Carlota S. de Mastellari	Balboas
drawn on	Banco del Comercio, Panama	for collection, 6.00
RECEIVED FROM	John B. Powell	for \$
drawn on	Banco del Comercio, Panama	for \$ 100.00
RECEIVED FROM	Anita P. Venero de Moreno	for \$
drawn on	Banco del Comercio, Panama	for \$ 60.00

Subject to the terms and conditions stated on reverse side hereof.

use return acknowledgment to Braniff Airways, Inc. FIRST NATIONAL BANK IN DALLAS

J. Box 35001 Cash Control A-101

Dallas, Texas, Dec. 27, 19 72 By _____

ASOCIADO CON EL GRUPO CHASE MANHATTAN

BANCO DEL COMERCIO 114

Sucursal Via España No. 125
PANAMA, Rep. de PANAMA

220559

GUINESE LA ORDEN DE Braniff 56.-

ALBOAS cin 00/100

PLAZAS cin

U. A.

LUIS MASTELLARI -O-

CARLOTA S. DE MASTELLARI

114-13-43. TELEFONO 23-16-95

Carlota S. de Mastellari

ASOCIADO CON EL GRUPO CHASE MANHATTAN

BANCO DEL COMERCIO 114

Sucursal Via España No. 125
PANAMA, Rep. de PANAMA

216442

GUINESE LA ORDEN DE Braniff \$100.00

ALBOAS cin

PLAZAS cin

U. A.

JOHN B. POWELL -O-

MARGARET J. POWELL

114-17-55

John B. Powell



ASOCIADO CON EL GRUPO CHASE MANHATTAN

BANCO DEL COMERCIO

114

SUCURSAL/Fin Español No. 126

PANAMA, Rep. de PANAMA

No. 221150

7 Diciembre 1972

PAGUES

A LA ORDEN DE

ALBOAS

O

OLARES

E. U. A.

ARQ. GEORGE J. MORENO II-O

ANITA P. VENERO DE MORENO

CTA. 114-13-17

Resaniff International \$6000
San Sebastian Ballenas solamente
Ante Q Venero de
Moreno

Form 31

RETURN THE RECEIPT WHEN ASKING REPORT ON ITEM

RECEIVED FROM	Distribuidora Plywood, S.A.	Balboas
		for collection,
drawn on	Banco Fiduciario de Panama, S. A.	for \$ 85.00
drawn on		for \$
drawn on		for \$
drawn on		for \$

Subject to the terms and conditions stated on reverse side hereof.
 Please return acknowledgment to Braniff Airways, Inc.
 O. Box 35001 Cash Control A-101

Dallas, Texas, Dec. 27, 1972 By _____

FIRST NATIONAL BANK IN DALLAS

BANCO-FIDUCIARIO DE PANAMA, S. A.
 FILIAL DEL BANQUE NATIONAL DE PARIS

No. 746
Dis 6 1972

PAGUESE A LA ORDEN DE BRANIFF INTERNATIONAL \$ 86.00

Quien le sea referente

DISTRIBUIDORA PLYWOOD, S. A.

SUCURSAL VIA ESPANA
 PANAMA, C. Z. P.

BALBOAS
 O DOLARES U. S. C.

Mat

5824

RETURN THE RECEIPT WHEN ASKING REPORT ON ITEM

RECEIVED FROM	Yvonne A. C. Delvalle	Balboas
		for collection,
drawn on	First National City Bank, Panama	for \$ 508.00
drawn on		for \$
drawn on		for \$
drawn on		for \$

Subject to the terms and conditions stated on reverse side hereof.
 Please return acknowledgment to Braniff Airways, Inc.
 P. O. Box 35001 Cash Control A-101
 Dallas, Texas, Dec. 27, 1972 By _____

FIRST NATIONAL BANK IN DALLAS

CHEQUE
 No. 21- 900-302
 YVONNE A C DELVALLE

PANAMA
 REPUBLICA DE PANAMA
 November 4 1972

PAGUESE A LA ORDEN DE Braniff International \$508.00
 Domicilio de la casa 00%

FIRST NATIONAL CITY BANK
 Oficina Principal

PANAMA

DOLARES
 508.00

[Signature]

RETURN THE RECEIPT WHEN ASKING REPORT ON ITEM

RECEIVED FROM	Eduardo Alper	Balboas
		for collection,
drawn on	Banco de Colombia, Panama	for \$ 25.00
drawn on		for \$
drawn on		for \$
drawn on		for \$

Subject to the terms and conditions stated on reverse side hereof.

se return acknowledgment to Braniff Airways, Inc.

Box 35001 Cash Control A-101

FIRST NATIONAL BANK IN DALLAS

Dallas, Texas, Dec. 27, 1972

By

No. 3 B 424671

CUENTA No. 8810-7

PANAMA, *Arriba*

19 72

Banco de Colombia

PANAMA, R. de P.

PAGUESE

A LA ORDEN DE

Braniff International

U.S.

*25**Quintecientos en c/c*

U.S. DOLARES

"MARSA, S. A."

*Eduardo Alper**[Signature]*

Form 31

RETURN THE RECEIPT WHEN ASKING REPORT ON ITEM

RECEIVED FROM International Marketing Communications Balboas
for collection, 78.00
drawn on U.S. Investment Bank, Inc., Panama for \$
drawn on _____ for \$
drawn on _____ for \$
drawn on _____ for \$

Subject to the terms and conditions stated on reverse side hereof.
Please return acknowledgment to Braniff Airways, Inc.
O. Box 35001 Cash Control A-101

FIRST NATIONAL BANK IN DALLAS

Dallas, Texas, Dec. 27, 19 72

By _____

Publicidad
IMC

CUENTA 997 SERPINE

CHEQUE Nº 0035

PANAMA, R. P. 7 de diciembre 1972

LA ORDEN DE BRANIFF INTERNATIONAL B/ 78.00

SON SETENTA Y OCHO BALBOAS CON 00/100 BALBOA

U.S. INVESTMENT BANK INC. **INTERNATIONAL MARKETING COMMUNICATIONS (C.A.) S.** DOLARE

CAJASO Y ELVERA MENDEZ **SANTIAGO BORQUELL** **HORACIO S. SIDNEY**



PUBLICENTRO DE PANAMA, S. A.

EDIFICIO DILIDO

APTDO. 9656

PANAMA 4, PANAMA

Nº 796

PANAMA 7 de Diciembre de 19 72

PAGUESE A LA

ORDEN DE: XXXXXXXXXXXXXXXX BRANIFF INTERNATIONAL XXXXXXXXXXXX U. S. \$49.00

LA SUMA DE: Cuarenta y Nueve Balboas Solamente

U. S. DOLARES

BANCO DEL COMERCIO

ADMINISTRACION

114-17-83

FIRMAS

AUTORIZADAS

Form 21

RETURN THE RECEIPT WHEN ASKING REPORT ON ITEM

RECEIVED FROM Publicentro de Panama, S.A. Balboas

drawn on Banco del Comercio, Panama for collection, \$ 49.00

drawn on for \$

drawn on for \$

drawn on for \$

Subject to the terms and conditions stated on reverse side hereof.
 Please return acknowledgment to Braniff Airways, Inc.
 O. Box 35001 Cash Control A-101

FIRST NATIONAL BANK IN DALLAS

Dallas, Texas, Dec. 27, 19 72

By _____

FACTURA	FECHA	DESCRIPCION	BRUTO	DEDUCCIONES	NETO
	7/12/72	Pago por Concepto de: Compra de pasaje a nombre de: Hernan Peña López de Panamá a Bogotá.			49.00

5828

Laurel Bank

800 2 EAST CREGORY

RAYTOWN, MISSOURI
64133

NOV 10 1972

Barbara R. Bratcher

REMITTER

No. 108708

November 8th 1972

TO THE ORDER OF Braniff International

\$226.66

LAUREL BANK \$226 AND 66 CTS

DOLLARS

Bank Money Order

Mary C. Bratcher

1010 1854

ASOCIADO CON EL GRUPO CHASE MANHATTAN			
BANCO DEL COMERCIO			
No. 7483	CHEQUE POR \$13,000.00xx		
PANAMA, R. DE P.	Diciembre 4	DE 1972xx	
PAGUESE A LA ORDEN DE BRANIFF INTERNATIONALxx			
BANCO DEL COMERCIO		LA SUMA	
\$13,000 AND 00 CTS			
DE TRECE MIL DOLARES CON 00/100xx		DOLARES	
THE CHASE MANHATTAN BANK OF NEW YORK 1 CHASE MANHATTAN PLAZA NEW YORK, N. Y. 10015		<i>Cesar R. Ruiz</i> FIRMA AUTORIZADA <i>Maria B. Aragon</i> FIRMA AUTORIZADA	

ROGER C. BREWSTER
MARY T. BREWSTER
AMERICAN EXPRESS
47
APO NEW YORK, N. Y. 0950

DATE November 20 1972 1537539

PAY TO THE ORDER OF Braniff International \$ 362.00

Three hundred sixty two and 0/100 DOLLARS

The RIGGS NATIONAL BANK
WASHINGTON, D.C.
CHEVY CHASE OFFICE
CONNECTICUT AVE. & HORNISH ST., N. W.
A - Braniff Int'l

05100003108052364310

JOHN B. POWELL
MARGARET J. POWELL
APARTADO 1891
PANAMA, I., REP. DE PANAMA

NUMBER 1977

DATE 15 Nov 1972

PAY TO THE ORDER OF Braniff \$ 46.00

Forty and 0/100 DOLLARS

Calumet Bank and Trust Company
DALLAS, TEXAS

John B. Powell

1110000751350075613

BANK MONEY ORDER

REMITTER 68408

Nov. 8, 1972 80-1817 1012

Pay Pence

PAY TO THE ORDER OF Braniff International Airlines \$ 292.90

BLUE SPRINGS BANK 292.90 DOLLARS

Blue Springs Bank
BLUE SPRINGS, MISSOURI
MEMBER F. D. I. C.

Judy Kern
(teller)

10171817

DESCRIPTION	DEBIT	CREDIT	DEBIT	CREDIT	BALANCE		
34695	85675	6	941252	12-29-2	128013 00 00	943.28CR	
12112	83270	6	942510	12-04-2	128013 00 00	90,000.00CR	
42511	42511	6	942511	12-05-2	128013 00 00	3,500.00CR	
01677	83734	6	942516	12-07-2	128013 00 00	224.34CR	
01676	83734	6	942516	12-07-2	128013 00 00	51.81CR	
01674	83734	6	942516	12-07-2	128013 00 00	75.89CR	
01673	85734	6	942516	12-07-2	128013 00 00	82.81CR	
01675	85734	6	942516	12-07-2	128013 00 00	64.03CR	
86238	83734	6	942522	12-15-2	128013 00 00	92.53CR	
01680	83734	6	942523	12-14-2	128013 00 00	160.28CR	
01691	83734	6	942523	12-14-2	128013 00 00	19.58CR	
01679	83734	6	942523	12-14-2	128013 00 00	141.93CR	
01678	83734	6	942523	12-14-2	128013 00 00	168.89CR	
01682	83734	6	942523	12-14-2	128013 00 00	64.40CR	
12112	83270	6	942528	12-18-2	128013 00 00	90,000.00CR	
42529	92634	6	942529	12-20-2	128013 00 00	10,000.00CR	
01683	83734	6	942534	12-22-2	128013 00 00	210.64CR	
01686	83734	6	942534	12-22-2	128013 00 00	75.98CR	
01684	83734	6	942534	12-22-2	128013 00 00	89.02CR	
01687	83734	6	942534	12-22-2	128013 00 00	104.33CR	
01685	83734	6	942534	12-22-2	128013 00 00	70.53CR	
39007	00400	6	942538	12-27-2	128013 00 00	107.00CR	
88888	00168	6	942538	12-27-2	128013 00 00	40,000.00CR	
15622	83427	6	942538	12-27-2	128013 00 00	350.53CR	
01690	83734	6	942539	12-28-2	128013 00 00	87.57CR	
01689	83734	6	942539	12-28-2	128013 00 00	30.89CR	
01688	83734	6	942539	12-28-2	128013 00 00	176.02CR	
12112	83270	6	942540	12-29-2	128013 00 00	90,000.00CR	
01691	83734	6	942549	12-29-2	128013 00 00	27.92CR	
					499.41 S	1,159,932.32CRS	
					2,017,964.24 *	3,612,819.69CR*	3,641,653.20
							665,412.13
BAI FND							
	85711	2	133648	12-01-2	128015 00 00		
	85711	2	134602	12-15-2	128015 00 00	490.00	
	85711	2	134905	12-22-2	128015 00 00	489.61	
				12-27-2	128015 00 00	143.70	
						1,123.31 S	
	85709	3	121305	12-31-2	128015 00 00	368.75	
	85709	3	121305	12-31-2	128015 00 00	295.00	
	85709	3	121305	12-31-2	128015 00 00	1,437.03	
	85709	3	121305	12-31-2	128015 00 00	190.27	
	85709	3	121305	12-31-2	128015 00 00	640.00	
	85709	3	121305	12-31-2	128015 00 00	1,265.45	
	85711	2	121351	12-31-2	128015 00 00	126.97	
	85711	3	121351	12-31-2	128015 00 00		1.05CR
	85711	3	121351	12-31-2	128015 00 00		854.97CR
	85714	3	121353	12-31-2	128015 00 00		
	85709	3	121354	12-31-2	128015 00 00	804.97	
					62,499.00		43,487.42CR

EXHIBIT NO. 274-4

5830

DESCRIPTION	BANK	REG	REF	CTL	MO DA Y	CAB	AC DIV	DEBIT	CREDIT	BALANCE
00303	82779	3	31108		03-31-2	128012	00 00	697.31		
00203	82779	3	31108		03-31-2	128012	00 00		665.02CR	
01550	01550	3	31651		03-31-2	128012	00 00	242,738.00		
01544	01544	3	31651		03-31-2	128012	00 00	231,608.00		
12109	82755	3	31652		03-31-2	128012	00 00		15,000.00CR	
09108	82755	3	31652		03-31-2	128012	00 00		15,000.00CR	
00773	82819	3	31660		03-31-2	128012	00 00	8,333.50		
00173	82819	3	31660		03-31-2	128012	00 00	8,333.30		
00473	82819	3	31660		03-31-2	128012	00 00	8,333.30		
01072	82819	3	31660		03-31-2	128012	00 00	8,333.30		
00872	82819	3	31660		03-31-2	128012	00 00	8,333.30		
00572	82819	3	31660		03-31-2	128012	00 00	8,333.30		
								525,043.31 S	30,665.02CRS	
00006	82809	6	941050		03-13-2	128012	00 00		226.53CR	
11111	82808	6	941052		03-15-2	128012	00 00		53.32CR	
07156	82777	6	941052		03-15-2	128012	00 00		100.00CR	
00003	82813	6	941059		03-26-2	128012	00 00		500.00CR	
00004	82806	6	942117		03-13-2	128012	00 00		23,500.00CR	
00004	82806	6	942140		03-24-2	128012	00 00		23,500.00CR	
									47,879.85CRS	
								525,043.31 *	78,544.87CR*	3,413,110.08
										3,040,825.58
BAL FWD					03-01-2	128013	00 00			
11190	83743	2	81563		03-10-2	128013	00 00		8,424.53CR	
83743	83743	2	81563		03-10-2	128013	00 00		8,525.83CR	
11185	83743	2	81563		03-10-2	128013	00 00		3,295.78CR	
88888	00168	2	83750		03-28-2	128013	00 00	40,000.00		
11194	83743	2	85042		03-30-2	128013	00 00		6,723.00CR	
11193	83743	2	85042		03-30-2	128013	00 00		7,198.52CR	
11198	83743	2	85046		03-30-2	128013	00 00		8,600.61CR	
11195	83743	2	85046		03-30-2	128013	00 00		2,928.58CR	
2311181	83887	2	85238		04-03-2	128013	00 00		4,766.37CR	
2311176	83887	2	85238		04-03-2	128013	00 00		5,874.23CR	
								40,000.00 S	56,337.45CRS	
ISSA J093915	83915	3	22430		02-29-2	128013	00 00		160.00CR	
19560	83660	3	31056		03-31-2	128013	00 00	2,320.85		
19559	83659	3	31056		03-31-2	128013	00 00	5,866.32		
19278	83045	3	31101		03-31-2	128013	00 00	44.00		
19311	83045	3	31102		03-31-2	128013	00 00	2,688.00		
19283	83045	3	31104		03-31-2	128013	00 00	193.44		
19183	83341	3	31105		03-31-2	128013	00 00	200.00		
19172	83045	3	31105		03-31-2	128013	00 00	54.00		
19176	83045	3	31105		03-31-2	128013	00 00	1,840.00		
19367	83045	3	31106		03-31-2	128013	00 00	280.00		
19065	83005	3	31108		03-31-2	128013	00 00	876.86		
19069	83831	3	31108		03-31-2	128013	00 00	432.00		
19067	83033	3	31108		03-31-2	128013	00 00	21,000.00		
19334	83050	3	31100		03-31-2	128013	00 00	105.26		

EXHIBIT No. 274-5

CASH ACCOUNTING REPORT

DATE 7 31 73 Mo. Day Yr. LOCATION Adl. Airc. 942.303

TICKET SALES REPORTS	Reference		Invoice No.	Customer Account No.	Account No.	Control Point	Ded. Code	Amount
	Number	Date						
					101022			CR
					101022			CR
					101022			CR
					101022			CR
					101022			CR
TICKETS BY MAIL REPORT				4 8 0 0 0	124038			CR
AIR FREIGHT COLLECTIONS	Reference							
	Number	Date			101024			CR
					101024			CR
					101024			CR
					101024			CR
					101024			CR
MISC. AIR FREIGHT COLLECTIONS (ENTER AIR BILL NO.)								
					216084			CR
					216084			CR
SALE OF LIQUOR (IN FLIGHT)					461010			CR
SALE OF KENNELS, GUN BOXES, SKI BOXES, ETC.					461610			CR
BIC CLUB LIQUOR SALES					461817			CR
SALE OF FLIGHT BAGS					555309			CR
STATE SALES TAX					204063			CR
LOCAL SALES TAX					204063			CR
OVERAGE CR.					7106			CR
(SHORTAGE DR)					7106			DR
RETURN CHECKS: - Record Last Name & First Name								
				8 2 0 0 2	128052			CR
				8 2 0 0 2	128052			CR
ACCOUNTS RECEIVABLE - CLEARANCE					128052			CR
UNRETURNED PASS TICKETS					216011			Dr. 40,000.00
TOTAL OF BANK DEPOSITS MUST EQUAL TOTAL OF ALL ENTRIES RECORDED ABOVE THE HEAVY LINE.				BANK NO. <u>7</u>	101010		DR	
					101010		DR	
STAPLE DUPLICATE COPY OF BANK DEPOSITS HERE FOR CASHIER					101010		DR	
				<u>47</u>	101010		DR	40,000.00
SEE CASH RECEIPT ITEM DISTRIBUTION ATTACHED				SIGNATURE OF MANAGER OR ASSISTANT:				
MAIL TO CASHIER, STATION A-101- DAL								

.00 T
 6,000.00
 6,000.00
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 6,000.00
 1,000.00
 6,000.00
 38,000.00 T

DEPOSITED WITH



EXCHANGE BANK & TRUST COMPANY
P. O. BOX 35207 DALLAS, TEXAS

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT NOW IN EFFECT.

BRANIFF AIRWAYS, INCORPORATED
P. O. BOX 35001 - MAIL STA. A-101
DALLAS, TEXAS 75235

DATE

LIST CHECKS SEPARATELY		DOLLARS	CENTS
CURRENCY			
COINS			
		38,000	00
TOTAL OF CHECKS LISTED ON BACK SIDE			
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS	TOTAL DEPOSIT	38,000	00

STAFFORD LOWDON CO., DTI

3282 73 552 JUL 27 38,000.00 DLT

⑈ 1110 ⑈ 0082⑈ ⑈ 30 ⑈ 2221 ⑈ B ⑈

DEPOSITED WITH



EXCHANGE BANK & TRUST COMPANY
DALLAS, TEXAS

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS BANK'S COLLECTION AGREEMENT NOW IN EFFECT.

BRANIFF AIRWAYS, INCORPORATED
P. O. BOX 35001 - MAIL STA. A-101
DALLAS, TEXAS 75235

DATE 7/31/73

LIST CHECKS SEPARATELY		DOLLARS	CENTS
Ck. No. 1219	1-12	2,000	00
CURRENCY			
COINS			
USE BACK SIDE FOR LISTING ADDITIONAL CHECKS	TOTAL DEPOSIT	2,000	00


⑈ 30 ⑈ 2221 ⑈ B ⑈

EXHIBIT No. 274-6

RUSSELL THAYER
21 LIRAC LANE
PRINCETON, NEW JERSEY 08540

July 26 1973 55-303
312

PAY TO THE ORDER OF *Braniff Airways Inc. \$6000.00*
Six thousand DOLLARS

 **PRINCETON BANK**
and Trust Company
Princeton, N. J.

Russell Thayer

⑆0312⑈0303⑆ ⑈30⑈5883⑈0⑈

1511
NUMBER

JOHN J. OR JUNE R. CASEY
6837 MEADOWCREEK 239-6093
DALLAS, TEXAS 75240

July 26 1973 31
1110

PAY TO THE ORDER OF **BRANIFF AIRWAYS INC.** \$6000.00

SIX THOUSAND AND NO/100- - - - - DOLLARS

First National Bank in Dallas, Texas


⑆1110⑈0001⑆ ⑈15 6443⑈1⑈

THOMAS P. OR MRS. TOM ROBERTSON
6220 ROYALTON DRIVE PH. 361-1455
DALLAS, TEXAS 75230

242

July 26 1973

PAY TO THE ORDER OF *Braniff Airways, Inc. \$6,000.00*
Six thousand DOLLARS

 **EXCHANGE BANK AND TRUST COMPANY**
P. O. BOX 35207 • DALLAS, TEXAS 75235

Thomas P. Robertson


⑆1110⑈0082⑆ ⑈07⑈3622⑈8⑈

CHARLES S. SOUTH, BRANIFF AIRWAYS
BRANIFF BLDG., EXCHANGE PARK
PH. 358-5151
DALLAS, TEXAS 75235

2560

July 26 1973 32-82
1110

PAY TO THE ORDER OF *Braniff Airways Inc. \$6000.00*
Six thousand DOLLARS

 **EXCHANGE BANK AND TRUST COMPANY**
P. O. BOX 35207 DALLAS, TEXAS 75235

Chas. S. South

HARDING L. LAWRENCE

152

July 25 1973

32-1
1170TO THE
ORDER OFBraniff International \$1,000.00
One Thousand and 00/100 DOLLARSFIRST NATIONAL BANK IN DALLAS
DALLAS, TEXAS

Harding L. Lawrence

⑆1110⑉0001⑆ 30 3860 1⑈

FREDERICK L. JACOBS

№ 486

Pay to
the order ofBraniff International \$600.00
Six Hundred and 00/100 DOLLARSMorgan Guaranty Trust Company
67 NEW YORK MADISON AVENUE OFFICE

Frederick L. Jacobs

From

⑆10210⑉0023⑆ 443 57 358⑈

MRS. NORMA ACKER
C. E. ACKER
6227 HUNTERS GLEN 538-0447
DALLAS, TEXAS 75205

6420

July 26, 1973

PAY TO THE ORDER OF Braniff Airways, Inc.

\$ 1,000.00

One thousand and .00/1.00

DOLLARS

first
IN DALLASFirst National Bank in Dallas
Dallas, TexasMRS. NORMA ACKER
C. E. ACKER

C. E. Ackers

⑆1110⑉0001⑆ ⑈ 10 0809 3⑈

THE
 CAPITAL
 NATIONAL
 BANK IN AUSTIN
 AUSTIN, TEXAS

3768

PAY TO THE
 ORDER OF

\$ 600.00

SIX HUNDRED AND NO/100

MR. OR MRS. R. H. BURCK

1973

1111 1111 2111 711 2111 2 38 1250

FRANK G. COLNAR
JEAN M. COLNAR

1948

July 26, 1973

112
216 40

AY TO THE
ORDER OF

Branniff International

\$2,000⁰⁰

Two Thousand ⁰⁰/₁₀₀

DOLLARS

CHEMICAL BANK

425 PARK AVENUE, NEW YORK, N. Y. 10022

MEMO

Frank H. Colnaro

⑆0230⑉0012⑆ ⑈040⑈234320⑈

EXHIBIT No. 275-1

ISSUE VOUCHER

DATE	AMOUNT
October 5 1971	\$ 100,000.00

PAY THE AMOUNT OF One Hundred Thousand Dollars and ***** AND 20/100 DOLLARS

NAME (PRINT)

Chemical Bank

ADDRESS (PRINT)

CITY AND STATE

EXPLANATION

For Purchase of Draft in amount of \$100,000.00 drawn on Union Bank

of Switzerland, Zurich, Switzerland, and payable to Amarco Establishment.

Represents special commission to Andre Tabourian in connection with

used aircraft sale to Middle East Airlines

Draft \$100,000.00; Cable Expense

ACCOUNT CODE

REQUESTED BY

STATION

BRANCH

APPROVED BY

T. Pr. Smith



Vice President

Treasurer

FORWARD ORIGINAL AND ONE COPY TO DISBURSEMENTS ACCOUNTING BRANCH, NYC.

23910-01 10-11-70

EXHIBIT No. 275-2

 AMERICAN AIRLINES, INC. AMERICA'S LEADING AIRLINE 633 THIRD AVENUE, NEW YORK, N. Y. 10017		 1-12 114 210	
VOUCHER NO.	CHECK NO.	DATE	AMOUNT OF CHECK
139-1	901062	10-5-71	\$100,000.20
CHEMICAL BANK NEW YORK, NEW YORK		MUST BE COUNTERSIGNED IF \$250.00 OR MORE AMERICAN AIRLINES, INC.	
PAY TO THE ORDER OF CHEMICAL BANK		AUTHORIZED SIGNATURE 	
MICR LINE: @02100012: 114000441@		MICR LINE: #0010000020#	

PAID BY 003
 10-5-71
 Chemical Bank New York Trust Company
 633 THIRD AVE.
 (41st STREET)
 New York

10-5-71 00000917

CHEMICAL BANK
 NEW YORK, NEW YORK

100

EXHIBIT NO. 275-3

July 6, 1973

Kenneth Wells Parkinson, Esquire
1828 L Street, N. W.
Washington, D. C. 20036

Dear Mr. Parkinson:

I am writing you in your capacity as attorney for the Committee to Re-Elect The President. On approximately March 13, 1973, the sum of \$55,000 was contributed by American Airlines to the Committee to Re-Elect the President. Since the funds were corporate funds, the undersigned, as counsel for American Airlines, Inc., requests the Committee to return this amount to American Airlines. Please make the check payable to American Airlines, Inc.

There is no evidence of which I am aware that the Committee had any knowledge that the funds received were corporate funds.

Sincerely yours,

Herbert J. Miller, Jr.

FINANCE COMMITTEE TO RE-ELECT THE PRESIDENT

1701 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D. C. 20006 • (202) 333-9280

CHAIRMAN:
MAURICE H. STANS
TREASURER:
PAUL E. BARRICK

July 11, 1973

Mr. Herbert J. Miller, Jr.
Miller, Cassidy, Larroca and Lewin
1320 19th Street N. W.
Washington, D. C. 20036

Dear Mr. Miller:

This is to acknowledge receipt of your letter of July 6, 1973, to Kenneth Wells Parkinson, Esquire, Attorney for the Committee for the Re-election of the President and the Finance Committee to Re-elect the President.

Your statement that "there is no evidence of which I am aware that the Committee had any knowledge that the funds received were corporate funds" is consistent with the information in the possession of this Committee. The Committee had no idea that \$55,000.00 coming from the employees of American Airlines in any respect constituted a contribution out of corporate funds. On the contrary, our information shows that the entire \$75,000.00 contribution was from employees of American Airlines.

Under the circumstances, this Committee hereby returns that portion of the contribution which you say constituted corporate funds. I therefore enclose Check No. 24929, dated July 11, 1973 payable to American Airlines in the amount of \$55,000.00.

At the same time, I ask that you provide the Committee as soon as possible with the names, and addresses, and amounts for each person participating in the \$20,000.00 in contributions which were given to the Committee by employees of American Airlines on or about March 13, 1972.

Sincerely,

Paul E. Barrick
Paul E. Barrick,
Treasurer

LAW OFFICES
MILLER, CASSIDY, LARROCA & LEWIN
1320 19TH STREET, N.W. - SUITE 500
WASHINGTON, D. C. 20036

AREA CODE 202
TELEPHONE 293-6400

HERBERT J. MILLER, JR.
JOHN JOSEPH CASSIDY
RAYMOND G. LARROCA
NATHAN LEWIN
MARTIN D. MARSKER
WILLIAM H. JEFFRESS, JR.
THOMAS D. ROWE, JR.

JOSEPH S. MCCARTHY
COURTNEY A. EVANS
JAMES FRANCIS REILLY
OF COUNSEL

August 20, 1973

Paul E. Barrick, Esquire
Treasurer, Finance Committee
to Re-Elect the President
1701 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

Dear Mr. Barrick:

Please forgive my delay in responding to your
letter of July 11, 1973.

With respect to the \$20,000 which had been contributed
as a part of the total of \$75,000, the Committee should list
as the donor for that \$20,000 Mr. George Spater, 633 3rd Avenue,
New York, New York.

If you have any questions, please do not hesitate
to call.

Sincerely yours,


Herbert J. Miller, Jr.

EXHIBIT No. 276

AMERICAN AIRLINES, INC.
ECONOMIC REGULATION DEPARTMENT
C.A.B. CALENDAR

<u>Date</u>	<u>Procedural Step</u>	<u>Proceeding</u>	<u>Docket</u>
11/14	Reb. Exhs. & Test.	Universal-Phoenix Certificate Transfer	24961
11/19	Briefs to Board	Reopened Service to Omaha & Des Moines	18401
11/20	Hearing	Universal-Phoenix Certificate Transfer	24961
11/20	Information Responses	Hawaii Fare Investigation	25474
11/28	Information Responses	Capacity Agreements-Fuel Program	25990
11/29	Prehearing Conference	Transatlantic Route Proceeding	25908
11/30	Rebuttal Exhibits	Domestic Air Freight Rate Investigation	22859
11/30	Brief to Law Judge	Supplemental Renewal Case	23944
11/30	Information Responses	Airport Security Charges	25315
12/3	Survey Data	Forwarder Charter Investigation	23287
12/11	Forecast & Survey Data	Hawaii Fares Investigation	25474
12/17	Information Responses	Capacity Reduction Agreement	22908
12/21	Rebuttal Exhibits	Domestic Air Freight Rate Investigation	22859
<u>1974</u>			
1/8	Hearing	Domestic Air Freight Rate Investigation	22859
1/14	Exhibits	Airport Security Charges	25315
1/21	Exhibits & Testimony	Capacity Reduction Agreement	22908
1/31	Information Responses	Priority & Nonpriority Dom. Mail Inv.	23080-2
2/11	Rebuttal Exhibits	Airport Security Charges	25315
2/12	Direct Exhs. & Test.	Hawaii Fares Investigation	25474
2/20	Reb. Exhs. & Test.	Capacity Reduction Agreement	22908
2/20	Trial Brief	Airport Security Charges	25315
2/26	Hearing	Airport Security Charges	25315
2/28	Info. Res. Monthly Data	Forwarder Charter Investigation	23287
3/15	Trial Brief	Capacity Reduction Agreement	22908
3/15	Exhibits	Forwarder Charter Investigation	23287
3/19	Hearing	Capacity Reduction Agreement	22908
3/26	Reb. Exhs. & Testimony	Hawaii Fares Investigation	25474
3/29	Rebuttal Exhibits	Forwarder Charter Investigation	23287
4/9	Hearing	Forwarder Charter Investigation	23287
4/16	Hearing	Hawaii Fares Investigation	25474

11/9/73

ECONOMIC REGULATION DEPARTMENT
STATUS OF REGULATORY PROCEEDINGS

Route Cases

Procedural
Dates

Attorney

Southern Tier-Houston-Miami-Docket 18257

E. Seeger

2/23/73 - Decision - Order 73-2-89
 4/4/73 - Denied Stay of Decision - 73-4-24
 5/4/73 - Opinion on reconsideration - 73-5-22
 6/11/73 - Briefs to Court
 7/31/73 - Reply Brief to Court
 - Court Order

Reopened Omaha-Des Moines Case-Docket 18401

E. Seeger

6/29/73 - Brief to Law Judge
 9/6/73 - Initial Decision
 9/24/73 - Board will review Initial Decision
 11/19/73 - Briefs to Board

Oklahoma City-Southeast Investigation-Docket 20482

K. Ewing

10/30/68 - Order of Investigation 68-10-168
 3/19/69 - Proceeding deferred 69-3-69

Atlanta-Detroit/Cleveland/Cincinnati Investigation-Docket 20724

K. Ewing

4/20/73 - Reply Briefs to Law Judge
 7/12/73 - Initial Decision
 8/10/73 - Exceptions
 9/10/73 - Brief to Board
 10/10/73 - Oral Argument
 - Decision

Detroit-Nashville Nonstop Investigation-Docket 21454

K. Ewing

5/29/73 - Oral Argument
 - Decision

Supplemental Renewal Case-Docket 23944

Joint Counsel

6/18/73 - Hearing Concluded 9/24/73
 11/30/73 - Brief to Law Judge
 - Initial Decision

Miami-Los Angeles Nonstop-Docket 24694

E. Seeger

6/29/73 - Exceptions to Initial Decision
 8/13/73 - Briefs to Board
 - Oral Argument (Postponed)
 - Decision

ECONOMIC REGULATION DEPARTMENT
STATUS OF REGULATORY PROCEEDINGS

Route Cases

Procedural
Dates

Attorney

Wilmington Service Investigation-Docket 25009

K. Ewing

6/8/73 - Information Responses
 7/20/73 - Exhibits and Testimony
 8/31/73 - Rebuttal Exhibits and Testimony
 9/13/73 - Surrebuttal Exhibits
 9/18/73 - Hearing
 9/25/73 - Hearing (Second Session)

American-Frontier Route Exchange-Docket 25397

K. Ewing

4/9/73 - Application filed
 7/18/73 - Prehearing Conference
 8/15/73 - Information Responses
 9/12/73 - Direct Exhibits
 10/10/73 - Rebuttal Exhibits
 10/24/73 - Surrebuttal Exhibits
 10/30/73 - Hearing

American-Hughes Air West Route Exchange-Docket 25881

G. Levenberg

9/12/73 - Application filed
 10/24/73 - Prehearing Conference

AA Salt Lake City-Los Angeles-Docket 24866

K. Ewing

10/26/72 - Application filed
 - Board action

AA Salt Lake City-Los Angeles Exemption Application-Docket 25882

G. Levenberg

9/12/73 - Application filed
 - Board action

AA St. Maarten Application-Docket 24935

K. Ewing

11/17/72 - Application filed
 5/29/73 - Motion for Expedited Hearing
 - Board Order

ECONOMIC REGULATION DEPARTMENT
STATUS OF REGULATORY PROCEEDINGS

Route Cases

Procedural
Dates

Attorney

AA Dallas/Ft. Worth/Houston/Atlanta-Europe
Docket 24979

K. Ewing

12/4/72 - Application filed
 - Board action

AA Los Angeles-San Francisco-Docket 25605

K. Ewing

6/7/73 - Application filed
 - Board action

AA Los Angeles-San Francisco Exemption Application-
Docket 25606

K. Ewing

6/7/73 - Application filed
8/1/73 - Board denied exemption, Order 73-8-8

Transatlantic Route Proceeding-Docket 25908

K. Ewing

10/12/73 - AA Application and Motion to
 Consolidate filed
11/29/73 - Prehearing Conference

ECONOMIC REGULATION DEPARTMENT
STATUS OF REGULATORY PROCEEDINGS

Rates and Fares

Procedural
Dates

Attorney

Mainland-U.S. Puerto Rico/Virgin Island Fares-
Docket 24353

R. Fahy

7/16/73 - Reply Briefs to Board
 9/20/73 - Oral Argument
 - Decision

Priority and Nonpriority Domestic Mail Investigation-
Docket 23080-1 (Past Period)

R. Fahy

7/17/73 - Exhibits
 8/28/73 - Rebuttal Exhibits
 - Hearing

Priority and Nonpriority Domestic Mail Investigation-
Docket 23080-2 (Future Period)

R. Fahy

10/30/73 - Prehearing Conference
 1/31/74 - Information Responses

Interstate and Intrastate Fares-Docket 24779

R. Fahy

8/6/73 - Information Responses
 9/14/73 - Exhibits
 10/10/73 - Rebuttal Exhibits
 10/16/73 - Hearing

Domestic Air Freight Rate Investigation-Docket 22859

R. Fahy

10/9/73 - Exhibits
 11/30/73 - Rebuttal Exhibits
 12/21/73 - Surrebuttal Exhibits
 1/8/74 - Hearing

Automotive Cargo Investigation-Docket 24122

J. W. Doolittle

9/11/73 - Prehearing Conference

ECONOMIC REGULATION DEPARTMENT
STATUS OF REGULATORY PROCEEDINGS

Rates and Fares

Procedural
Dates

Attorney

Domestic Passenger Fare Investigation-Docket 21866-4- R. Fahy
Joint Fares

4/10/72 - Decision 72-4-22
 4/24/72 - Paragraph 5 of Order 72-4-22 stayed
 5/10/72 - Briefs to Board
 6/6/72 - Supplemental Opinion and Order on Reconsideration
 7/14/72 - Supplemental Briefs filed
 7/31/72 - Supplemental Reply Briefs filed
 - Decision

Domestic Passenger Fare Investigation-Docket 21866-9- R. Fahy
Fare Structure

6/6/73 - Oral Argument
 - Decision

Express Service Investigation-Docket 22388

R. Fahy

8/16/72 - Oral Argument
 - Decision

Chicago-Los Angeles Fares-Docket 25587

R. Fahy

7/17/73 - Prehearing Conference
 8/6/73 - Information Responses
 8/23/73 - Exhibits
 9/10/73 - Rebuttal Exhs., Testimony, Trial Brief
 9/19/73 - Hearing
 10/19/73 - Briefs to Law Judge

ECONOMIC REGULATION DEPARTMENT
STATUS OF REGULATORY PROCEEDINGS

Rates and Fares

Procedural
Dates

Attorney

Hawaii Fare Investigation-Docket 25474

R. Fahy

9/18/73 - Prehearing Conference
 11/20/73 - Information Responses
 12/11/73 - Forecast and Survey Data
 2/12/74 - Direct Exhibits and Testimony
 3/26/74 - Rebuttal Exhibits and Testimony
 4/16/74 - Hearing

AA Fare Reductions in Four Markets-Docket 25588

J. W. Doolittle

7/23/73 - Prehearing Conference
 8/21/73 - Information Responses
 9/11/73 - Exhibits and Testimony
 9/27/73 - Rebuttal Exhibits and Testimony
 10/3/73 - Hearing
 7/31/73 - AA Motion to Dismiss Proceeding
 8/3/73 - Procedural steps stayed pending disposition
 of AA Motion to Dismiss
 9/6/73 - Board dismissed investigation-Order 73-9-17

Liability & Claims Rules-Docket 19923

R. Fahy

9/17/73 - Brief to Board
 10/8/73 - Reply Brief
 10/24/73 - Oral Argument

ECONOMIC REGULATION DEPARTMENT
STATUS OF REGULATORY PROCEEDINGS

Other

Procedural
Dates

Attorney

Air Freight Forwarder Charter Investigation-
Docket 23287

R. Fahy

8/10/73 - Information Responses
 8/17/73 - Exhibits
 - Rebuttal Exhibits
 - Hearing (Postponed indefinitely)
 9/13/73 - Supplemental Conference
 12/3/73 - Survey Data
 2/28/74 - Information Responses
 3/15/74 - Exhibits
 3/29/74 - Rebuttal Exhibits
 4/9/74 - Hearing

Airport Security Charges-Docket 25315

R. Fahy

10/2/73 - Prehearing Conference
 11/30/73 - Information Responses
 1/14/74 - Exhibits
 2/11/74 - Rebuttal Exhibits
 2/20/74 - Trial Brief
 2/26/74 - Hearing

Admirals Club Enforcement Proceeding-Docket 16895

J. W. Doolittle

6/5/73 - Initial Decision
 6/26/73 - Petition for Discretionary Review
 - Board Order

Universal-Phoenix Certificate Transfer-Docket 24961

Joint Counsel

10/31/73 - Direct Exhibits and Written Testimony
 11/14/73 - Rebuttal Exhibits and Written Testimony
 11/20/73 - Hearing

Capacity Reduction Agreement-Docket 22908

R. A. Lempert

7/27/73 - 73-7-147 Order of Investigation and Interim
 Approval
 10/4/73 - Prehearing Conference
 12/17/73 - Information Responses
 1/21/74 - Exhibits and Testimony
 2/20/74 - Rebuttal Exhibits and Testimony
 3/15/74 - Trial Brief
 3/19/74 - Hearing

Capacity Agreements-Fuel Program-Docket 25990

R. Fahy

11/28/73 - Information Responses

(10/26/73) 11/9/73

EXHIBIT No. 277

SUPPLEMENT TO MEMORANDUMNOVEMBER 15, 1973Subject: Regulatory Matters Affecting American Airlines

It is generally recognized that American Airlines is a member of an industry subject to comprehensive federal regulation. At any particular time, officials of American Airlines estimate that the company may be directly interested in approximately twenty or so important matters pending before the Civil Aeronautics Board or other Federal agencies. To give the Committee some idea of the number and range of the regulatory matters before the CAB, attached is a recent listing of matters at the CAB in which American Airlines is participating.

The most important matters before the CAB during the period from 1969 to 1972 included the following: (1) implementation of the award to American of a route to Australia; (2) the proposed American Airlines-Western Airlines merger; (3) general investigation of passenger fares; (4) mutual aid agreements among the airlines; (5) capacity limitation agreements among the carriers; and (6) investigations and proposed regulations relative to commission and other payment to ticket agents and tour packagers. In addition, the company had several applications pending during this period to serve destinations

- 2 -

in the Orient and Europe and to provide service to important markets in the United States, such as Miami and Des Moines/
Omaha. ^{*/}

*/ The above list is intended to be illustrative rather than comprehensive. American has not undertaken a review of its files to identify all of the matters pending before the CAB or other Federal agencies during this period.

EXHIBIT No. 278-1

MORRIS H. GRAY, (100-19871)

THOMAS STEPHEN JACKSON *
 JOHN E. LASCHEY *
 ARTHUR C. ELDIN *
 W. DONALD ROSTER
 PENNEIN WELLS PARKINSON
 THOMAS BENZFIELD JACKSON *
 ARTHUR C. ELDIN, JR. *
 JAMES F. SCHALLER
 EARL W. MICHELET
 HERMAN G. LAUTCH
 DIANE M. SULLIVAN
 JAMES E. DRAHMER
 PATRICIA D. GURNE
 JOHN S. MILES
 NICHOLAS S. MCCONNELL
 * ADMITTED IN MARYLAND

LAW OFFICES

JACKSON, LASKEY & PARKINSON

1828 L STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE 460-8850

AREA CODE 202

414 HUNGERFORD DRIVE
 ROCKVILLE, MARYLAND 20850
 301-340-0490

July 5, 1973

Mr. Arden Firestone
 Goodyear Tire and Rubber Company
 1144 East Market Street
 Akron, Ohio 44316

Dear Mr. Firestone:

I am writing you in my capacity as Counsel for the Finance Committee to Re-Elect the President.

Our information is that you delivered contributions in cash to the Finance Committee for the Re-Election of the President prior to April 7, 1972, in the total amount of \$40,000. You have recently informed the Committee that this represents contributions by the following persons:

C. J. Pilliod 311 Ely Road Akron, Ohio	\$5,500
B. M. Robertson 69 East Fairlawn Blvd. Akron, Ohio	\$5,500
J. H. Gerstenmaier 431 St. Andrews Drive Akron, Ohio	\$5,000
J. R. Hicks 2390 Stockbridge Road Akron, Ohio	\$5,500
A. E. Firestone 922 Mayfair Road Akron, Ohio	\$5,500

R. deYoung : \$5,000
910 Eaton Avenue
Akron, Ohio

R. H. Lane \$4,000
2304 Stockbridge Road
Akron, Ohio

O. M. Sherman \$4,000
2101 Gonyard
Akron, Ohio

It now appears that the Committee may be required shortly to disclose the names of all of its contributors prior to April 7, 1972, or that such information may become public as a result of pending investigations and court actions. Because provisions of law which may be applicable require that the names of contributors and amounts be accurately recorded and reported, the Committee feels it is desirable to confirm its present information.

If the information given is correct, I ask that you confirm it by signing the attached copy of this letter and sending it back to me. If it is not correct, I would appreciate any proper data that you can give me.

If we do not hear from you within ten days we shall act on this basis of the facts noted above.

Very truly yours,

Kenneth Wells Parkinson

Enclosures

EXHIBIT NO. 278-2

July 11, 1973

Kenneth Wells Parkinson, Esq
Jackson, Laskey & Parkinson
1328 L Street N W
Washington, D C 20036

Dear Mr Parkinson:

In response to your letter of July 5, 1973. I do not and cannot confirm that the \$40,000 contribution made prior to April 7, 1972 to which you refer represents contributions by the persons listed in your letter.

The contribution was made prior to April 7, 1972, and I do not feel that there is any obligation to report with respect to contributions made at that time.

Very truly yours,

Arden E. Firestone

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EXHIBIT NO. 278-3

The Goodyear Tire & Rubber Company

Akron, Ohio 44316

August 9, 1973

Kenneth Wells Parkinson, Esq.
Jackson, Laskey & Parkinson
1828 L Street, N.W.
Washington, D. C. 20036

Dear Mr. Parkinson:

This is to inform you, as counsel for the Finance Committee to Re-Elect the President, that The Goodyear Tire & Rubber Company made a contribution to the committee in the circumstances set out below, and to ask that the amount of that contribution, \$40,000, be repaid by the committee to the company.

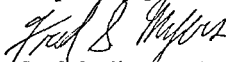
The contribution was made in two cash payments totaling \$40,000, which were turned over to the Chairman of the Finance Committee at his office in Washington in March 1972. He was not told that the payments constituted a corporate contribution. The determination to make the contribution in cash rather than by check was made by the company.

The company did not have any material matter pending before the government. There was no promise or expectation of governmental favors nor apprehension of governmental disfavor.

The fact and circumstances of the contribution have been voluntarily disclosed to the Special Prosecutor, Archibald Cox, and his staff has the matter under consideration.

It would be appreciated if you could arrange for the prompt return to the company of the amount of this contribution.

Very truly yours,



Fred S. Myers
Vice President and General Counsel

FINANCE COMMITTEE TO RE-ELECT THE PRESIDENT

1701 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D. C. 20006 • (202) 333-8380

CHAIRMAN:
MAURICE H. STANS
TREASURER:
PAUL E. BARRICK

August 10, 1973

Mr. Fred S. Myers
Vice President and General Counsel
The Goodyear Tire & Rubber Company
Akron, Ohio

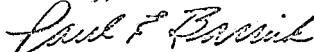
Dear Mr. Myers:

This is to acknowledge receipt of your letter of August 9, 1973 to Mr. Kenneth Wells Parkinson.

Your statement that the Chairman of the Finance Committee was not informed that this \$40,000.00 contribution originated from a corporate source is entirely correct.

Under the circumstances, this Committee hereby returns the contribution which you now say constituted corporate funds. I therefore enclose check number 25042, dated August 10, 1973, payable to The Goodyear Tire & Rubber Company in the amount of \$40,000.00

Sincerely,



Paul E. Barrick
Treasurer

PEB:lu
Enclosure

ROBERT M. GRAY (1908-1987)

THOMAS SEARING JACKSON *
 JOHN L. LASKEY *
 ARTHUR C. ELOIN *
 H. DONALD KISTLER
 KENNETH WELLS PARKINSON
 THOMAS PENFIELD JACKSON *
 ARTHUR C. ELOIN, JR. *
 JAMES P. SCHALLER
 KARL H. MICHELET
 HERMAN G. LAUTEN
 DIANE M. SULLIVAN
 JAMES E. BRAHMER
 PATRICIA D. GURNE
 JOHN S. MILES
 NICHOLAS S. MCCONNELL

* ADMITTED IN MARYLAND

LAW OFFICES
JACKSON, LASKEY & PARKINSON
 1828 L STREET, N. W.
 WASHINGTON, D. C. 20036

TELEPHONE 466-6850
 AREA CODE 202

414 HUNGERFORD DRIVE
 ROCKVILLE, MARYLAND 20850
 301-340-0450

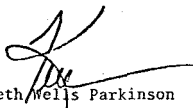
August 10, 1973

Mr. Paul E. Barrick
 Finance Committee to Re-Elect the President,
 1701 Pennsylvania Avenue, Northwest,
 Washington, D.C. 20006.

Dear Paul:

Enclosed please find a copy of a letter dated August 9, 1973 to me from Fred S. Myers, Vice President and General Counsel of The Goodyear Tire & Rubber Company, Akron, Ohio which is self-explanatory. On the basis of the information contained in this letter and further information supplied to me by Daniel Gribbon, Esq. of Covington & Burling, counsel to the Goodyear Tire & Rubber Company, I recommend that the Finance Committee to Re-Elect the President refund the \$40,000 contribution. I suggest you write an appropriate letter to Mr. Myers, attach the refund check and return the letter and check to this office so that I can transmit it to Mr. Myers.

Sincerely yours,



Kenneth Wells Parkinson

KWP:daa
 Enc.

5858

FINANCE COMMITTEE
TO RE-ELECT THE PRESIDENT
1701 PENNSYLVANIA AVENUE, N. W.
SUITE 272
WASHINGTON, D. C. 20006

No. 25042

AUGUST 10 1973 15.4
540

PAY TO THE
ORDER OF

THE GOODYEAR TIRE & RUBBER COMPANY

\$ 40,000.00

FORTY THOUSAND AND NO/100

DOLLARS

OR Return of Contribution



WASHINGTON'S OLDEST NATIONAL BANK
THE FIRST NATIONAL BANK
OF WASHINGTON
WASHINGTON, D. C.

Paul E. Barrick
John J. [illegible]

⑆0540⑆0004⑆

⑆026 407 5⑆